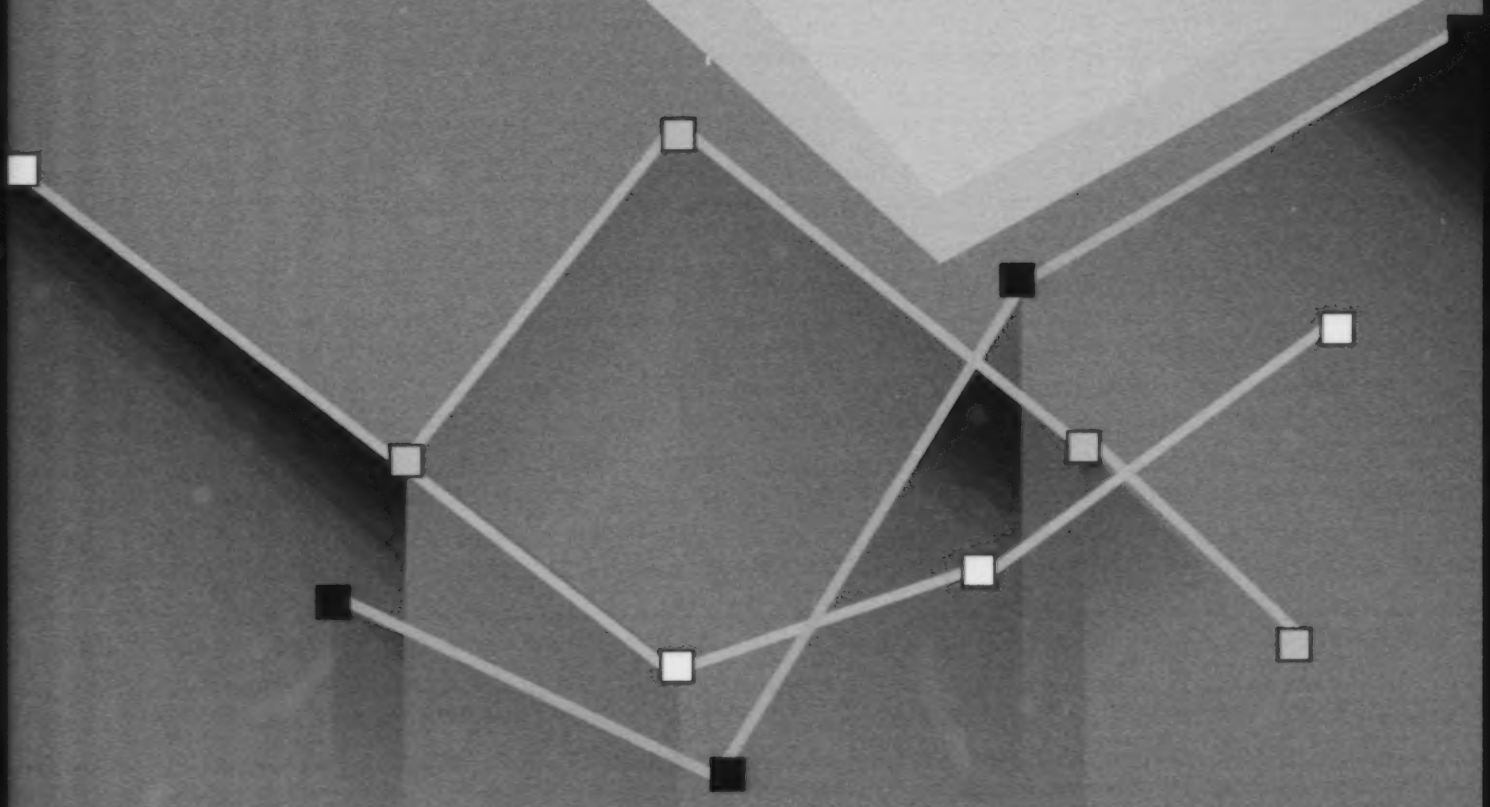
Department of Finance Canada | Ministère des Finances Canada

EVALUATION OF CANADA'S PAYMENTS TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

Final Report

Prepared by
The Corporate Management and Evaluation Division
Department of Finance Canada



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List of abbreviations

Abbreviation	Name or term
BWRAA	Bretton Woods and Related Agreements Act
ESF	Environmental and Social Framework
FIAP	Feminist International Assistance Policy
GAC	Global Affairs Canada
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IEG	Independent Evaluation Group
IMF	International Monetary Fund
MOPAN	Multilateral Organization Performance Assessment Network
ODA	official development assistance
ODAAA	Official Development Assistance Accountability Act
QuODA	quality of official development assistance
SDG	sustainable development goal
WBG	World Bank Group

Executive summary

This report presents the results of the evaluation of Canada's payments to the International Development Association (IDA). The evaluation was conducted by the Corporate Management and Evaluation Division of the Department of Finance Canada[1] between March and December 2017. The objective of the evaluation was to assess the relevance and performance (that is, the effectiveness, efficiency and economy) of Canada's payments to the IDA with a special focus on alignment with the Official Development Assistance Accountability Act (ODAAA). The evaluation covered approximately C$2.59 billion in statutory payments to the IDA over the 6-year period starting in the 2011 to 2012 fiscal year.[2]

Established in 1960, the IDA is the world's largest multilateral source of concessional financing for the poorest countries. It is one of the World Bank Group's (WBG) main lending arms and provides development credits, grants and guarantees to the world's poorest countries.[3] This financing aims to increase economic growth, reduce poverty and improve living conditions.

Canada is a founding member of the IDA and its 6th largest donor. Since 1960, Canada has contributed US$11.1 billion.[4] From the 2012 to 2013 fiscal year to the 2019 to 2020 fiscal year, Canada's average annual contribution is set to be C$441.61 million.

Conclusions

Relevance

Canada's international assistance priorities focus on poverty reduction, which is the main mission of the IDA. Canada's payments to the IDA continue to address a clear need. IDA countries[5] lag behind on key measures of and targets for economic and social development. IDA activities were found to be broadly relevant for addressing the continued development needs of these countries. Canada's contributions to the IDA are aligned with the federal government's priorities and with the government's new Feminist International Assistance Policy (FIAP). Canada's contributions to the IDA also meet the conditions of the ODAAA.

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1. Throughout the rest of this report, "Finance Canada" refers to "the Department of Finance Canada."
2. The World Bank fiscal year runs from July 1 to June 30. The Government of Canada fiscal year runs from April 1 to March 31.
3. The IDA and the International Bank for Reconstruction and Development (IBRD) make up the World Bank. The World Bank Group (WBG) is made up of the World Bank and 3 other partner agencies: the International Finance Corporation, the Multilateral Investment Guarantee Agency and the International Centre for Settlement of Investment Disputes.
4. Canada's cumulative contribution from 1960 to June 30, 2017. For more information, see Canada at the IMF and World Bank Group 2016-17.
5. Throughout this report, "IDA countries" refers to countries that receive financing from the IDA.

Performance

Finance Canada manages Canada's IDA contributions effectively and efficiently. In its engagement with the World Bank, the department has supported Canada's key international assistance priorities well. However, some opportunities exist for Finance Canada to:

1. better manage consultations with civil society organizations, as required by the ODAAA
2. better report to parliamentarians and Canadians on the effectiveness of Canada's significant contributions to the IDA in achieving poverty reduction objectives

The evaluation also identifies an opportunity for Finance Canada to enhance efficiency through increased engagement with Global Affairs Canada (GAC) on key subject matter issues following the finalization of a replenishment.

IDA countries have demonstrated progress on key measures of poverty reduction and development, especially in areas of human development and access to basic services that are fundamental to human dignity. Analysis of project-level data indicated that over 73% of IDA projects completed between 2013 and 2016 had satisfactory outcomes in terms of efficiently achieving major objectives. However, the evaluation found that for almost two thirds of the projects completed between 2013 and 2016, there was a significant risk that development outcomes would not be maintained. There are opportunities for the World Bank to enhance its institutional effectiveness by:

- designing projects based on a thorough assessment of conditions that can potentially affect planned development outcomes
- improving the quality of its supervision during project implementation

Overall, Canada's payments to the IDA provide good value for money in supporting sustainable poverty reduction and economic growth in poor countries.

Recommendations

1. The International Finance and Development Division should ensure that the Minister of Finance has access to the views and recommendations of the participants of the latest ODAAA consultations before the Minister approves Canada's pledge to make IDA replenishments.

2. The International Trade and Finance Branch should continue its efforts to strengthen the quality and completeness of its reports to Parliament, with a greater focus on the effectiveness of IDA programs and initiatives in order to meet the ODAAA reporting requirements.

3. The Department of Finance Canada should raise the issue of the significant risks to the development outcomes of IDA-financed projects in its engagement with the World Bank and during future IDA replenishment consultations. The department should emphasize the need for concrete World Bank management commitments to address issues during project planning and approval, and suboptimal quality of supervision during project implementation.

1 Background

1.1 Introduction

This report presents the results of the evaluation of Canada's payments to the IDA, which took place between March 2017 and December 2017. The evaluation was completed as part of the Department of Finance Canada Evaluation Plan 2016-21. It covers approximately C$2.59 billion in statutory payments to the IDA over the 6-year period since the 2011 to 2012 fiscal year.

Canada's payment to the IDA is a significant grant support provided by Finance Canada. The payment covers almost 90% of the department's program commitments to international financial organizations. In the 2016 to 2017 fiscal year, the payment stood at C$441.62 million, which accounted for 8.8% of Canada's official development assistance (ODA) for that year.[6] The substantial dollar value of Canada's payments to the IDA highlights the need for its evaluation based on materiality. The evaluation supports the periodic evaluation requirement of all programs and spending based on risks, departmental information needs and priorities in accordance with the Policy on Results, which was implemented in November 2017. The need for this evaluation was established through the mandatory annual evaluation planning exercise.

The evaluation covers both the effectiveness of:

- Finance Canada's engagement with the IDA
- the IDA in addressing development issues

It also covers the department's performance in fulfilling the reporting requirements in accordance with the ODAAA and the Bretton Woods and Related Agreements Act (BWRAA).

The timing of this evaluation is appropriate considering that there has been a relative drop in the volume of activities following the finalization of the 18th replenishment of IDA funds (IDA18[7]) in December 2016. The collection of evaluation evidence and findings can support the department's information needs for IDA19 replenishment meetings, which will be scheduled in a few years.

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6. The total amount of ODA for the 2016 to 2017 fiscal year was C$5.02 billion.
7. Throughout this report, the abbreviation "IDA" and the appropriate cycle number will be used to indicate the specific IDA replenishment cycle. For example, the 18th replenishment cycle is referred to as "IDA18."

1.2 Canada and the International Development Association

Established in 1960, the IDA is the world's largest multilateral source of concessional financing for the poorest countries. It is one of the WBG's main lending arms and provides development credits, grants and guarantees to the world's poorest countries. This financing aims to increase economic growth, reduce poverty and improve the living conditions of the poor.

Interest charges for IDA credits are 0% or very close to 0%, and repayments are extended over 25 to 38 years, including a 5- to 10-year grace period. Eligibility for IDA resources is determined primarily by a member's relative poverty, which is defined as gross national income per capita below an established threshold. The threshold, which is updated annually, was US$1,165 for the World Bank's 2017 to 2018 fiscal year. In addition to concessional loans, countries at risk of debt distress receive grants. The organization also provides significant levels of debt relief through the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative.

In the fiscal year ending on June 30, 2017, new IDA lending commitments amounted to US$19.5 billion for 261 operations, of which 11 were International Bank for Reconstruction and Development (IBRD) and IDA blended operations. These commitments included:

- US$16.2 billion in credits
- US$3.2 billion in grants
- US$50 million in guarantees.

In total, 78 countries were eligible for IDA assistance in 2017. In addition, India, which graduated from the IDA in the 2014 fiscal year, received transitional support on an exceptional basis through IDA17, which covered the period from July 1, 2014, to June 30, 2017.

The IDA is overseen by its 173 shareholder countries, which comprise the Board of Governors. It is largely funded by contributions from 50 or more donor governments. Additional funding comes from the IBRD's net income, grants from the International Finance Corporation and repayments of IDA credits by countries that have received financing.

IDA donors meet every 3 years to replenish the organization's resources and review its policy framework. The most recent replenishment is known as IDA18 and was finalized in December 2016. It resulted in a record replenishment of US$75 billion to finance projects over the 3-year period ending on June 30, 2020.

Canada's role in the IDA

Canada is a founding member of the IDA. Since 1960, Canada has contributed US$11.1 billion.[8] Canada has pledged a total payment of C$1.325 billion over 3 years for IDA18, and this payment will be at the same levels as Canada's contributions during IDA17 and IDA16. Canada is the 6th largest donor to IDA18; with the latest pledge, annual payments to the IDA from July 2012 to June 2020 will average about C$441.6 million.

Finance Canada administers Canada's contributions to the IDA, which are made in accordance with the BWRAA (1985). Decisions related to Canada's payments to the IDA are made by the Minister of Finance and approved by Cabinet. This decision-making is based on Finance Canada's assessment of the IDA's past activities and performance and of its future plans. At Finance Canada, the Director General of the International Finance and Development Division, International Trade and Finance Branch is Canada's IDA Deputy. This position represents the Minister of Finance, Canada's governor at the World Bank, in discussions about IDA replenishment and IDA policies and priorities. GAC also plays a significant role in IDA replenishment consultations and in the development of Canada's IDA priorities.

Canada's objectives and priorities, as they relate to Canada's participation in the World Bank, are articulated in Finance Canada's annual report to Parliament, entitled Canada at the IMF and World Bank Group.[9] In recent years, Canada's priorities have included the following:

- ensure that Canada's international priorities are reflected in the WBG's development programming
- enhance the institutional effectiveness of the WBG, including appropriate governance and accountability structures
- encourage the efficient use of the WBG's capital and the development of innovative financial instruments
- support successful IDA replenishments

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8. Canada's cumulative contribution from 1960 to June 30, 2017. For more information, see Canada at the IMF and World Bank Group 2016-17.
9. Canada at the IMF and World Bank Group is also referred to as the "Bretton Woods Report" in this document. The IMF stands for "International Monetary Fund."

2 Objectives and scope

The main objective of this evaluation is to assess the relevance and performance (that is, the effectiveness, efficiency and economy) of Canada's payments to the IDA with a special focus on alignment with the ODAAA. The evaluation covers payments from IDA16 to IDA18. Payments from IDA13 to IDA15 were covered by an earlier evaluation of the program that was completed in January 2012.

3 Methodology

3.1 Data collection tools

The following 4 data sources were used to ensure that the evaluation findings and conclusions were supported by multiple lines of evidence.

1. **Document and literature review:** A large volume of internal and external documents as well as relevant literature were reviewed. A partial list of the documents reviewed includes:
   - acts of Parliament
   - reports to Parliament
   - administrative documents
   - confidential briefings and memorandums
   - submissions received from Canadian civil society organizations as part of the department's consultations on its international assistance payments
   - reports based on the IDA Results Measurement System
   - mid-term and final reviews of IDA replenishment
   - reports undertaken for the IDA16 to the IDA18 cycles

2. **Evaluation evidence from the Independent Evaluation Group and other sources:** In order to gather secondary evidence on the performance of the IDA, the following documents were consulted:
   - evaluation products from the World Bank's Independent Evaluation Group (IEG)
   - reports on the 2012 and the 2015 to 2016 evaluations of the World Bank by the Multilateral Organization Performance Assessment Network (MOPAN)
   - similar assessment reports from:
     - the UK Department for International Development (DFID)
     - non-governmental organizations
     - think tanks

3. **Data review:** Data from these sources were consulted in assessing the IDA's effectiveness:
   - time-series data from the IDA Results Measurement System
   - IDA project-level data provided by the IEG
   - data from the World Bank's millennium development goals database

4. **Interviews:** A total of 12 interviews were conducted to collect supplementary information about the relevance and performance of Canada's payments to the IDA. The interviews aimed to collect information that was not available from secondary sources. The interviews were conducted as follows:

   - 9 interviews with FIN and GAC officials
   - 3 interviews with members of Canadian civil society organizations who participated in the department's 2016 consultations on international assistance payments

3.2 Evaluation approach

The evaluation is a mixed-method evaluation that integrates evidence from both qualitative and quantitative data to address the following issues:

1. The need for and alignment of Canada's payments to the IDA with regard to the Government of Canada's priorities
2. Whether Canada's payments to the IDA comply with the ODAAA
3. The effectiveness of Finance Canada's engagement with the IDA
4. The effectiveness of the IDA in achieving its development objectives
5. The efficiency of the IDA's operations

The evaluation addressed issues 1, 2, 3 and 5 by collecting evidence through relevant literature reviews and interviewing a number of relevant federal government officials.

To address issue 4, the evaluation analyzed:

- time-series data from the IDA Results Measurement System
- IDA project performance data from the IEG World Bank Project Performance Ratings dataset

The evidence from this data analysis was supplemented by evidence from a large volume of evaluation products produced by the IEG. The IEG is highly regarded for its independent, objective and in-depth evaluations of:

- the World Bank's project- and country-level operations

- the World Bank as a global development organization

It should be noted that a given project may receive financing from the IDA and various other development organizations. Therefore, development outcomes, including poverty reduction in countries that receive IDA financing, cannot only be attributed to the IDA. In recognition of this attribution challenge, a contribution-analysis approach was used, and the progress achieved in IDA countries was examined along with IDA outputs and the performance of IDA projects. This analysis, supplemented with findings about the institutional effectiveness of the IDA and the World Bank, can provide a reasonable assessment of the IDA's contribution to poverty reduction. The analysis can also support an overall assessment of the value for money of Canada's payments to the IDA.

3.3 Limitations

Performance of the World Bank versus the International Development Association
The evaluation used a considerable volume of performance information related to IDA-specific projects and initiatives. The evaluation also used some secondary evidence and analysis of performance (such as MOPAN and DFID reviews) that covered both arms of the World Bank (IDA and IBRD) together. In a few other cases, especially those relating to the World Bank's organizational culture, the analysis and evidence used is WBG-wide. This will, however, not impact the general findings of the evaluation, given the high volume of data and evidence that are IDA-specific.

IDA project-level performance
The evaluation covers project performance data for projects completed and assessed between 2013 and 2016. It should be noted that, given the long durations of IDA and World Bank projects, it is possible that a large number of projects completed between 2013 and 2016 started long before the period covered in this evaluation. To mitigate this limitation, the evaluation compared project performance results for projects completed between 2013 and 2016 with those for projects completed between 2009 and 2012.

3.4 Evaluation questions and lines of evidence

Table 1 presents the evaluation questions and the relevant data sources. Up to 4 lines of evidence were used to strengthen the evaluation's level of rigour.

Table 1: Evaluation questions

Evaluation questions	Lines of evidence			
	Literature reviews	Interviews	Data analysis	IEG and other evaluation evidence
Relevance				
R1: To what extent do payments to the IDA continue to address a demonstrable need?	Used	Used	Used	Used
R2: To what extent are Canada's payments to the IDA consistent with the Government of Canada's priorities? R2.1: To what extent is support for the IDA consistent with the Government of Canada's priorities, including Canada's objectives for ODA? R2.2: To what extent does support of the IDA complement or duplicate the activities of other federal organizations that administer ODA?	Used	Used	Not used	Not used
Performance				
P1: To what extent has Finance Canada been effective in its management of Canada's IDA contributions? P1.1 To what extent have Canada's payments to the IDA been consistent with Government of Canada commitments? P1.2 To what extent has Finance Canada effectively supported Canada's international assistance priorities at the IDA?	Used	Used	Not used	Not used
P2: To what extent has Finance Canada fulfilled its reporting requirements in accordance with the ODAAA and BWRAA?	Used	Used	Not used	Not used
P3: To what extent have Canada's contributions to the IDA supported sustainable poverty reduction and economic growth in the world's poorest countries? P3.1: To what extent has the IDA contributed to poverty reduction in countries that receive IDA financing? P3.2: To what extent have IDA projects achieved their objectives?	Used	Used	Used	Used

Evaluation questions	Lines of evidence			
	Literature reviews	Interviews	Data analysis	IEG and other evaluation evidence
P4: To what extent can contributing to the IDA be considered efficient and economical?	Not used	Not used	Not used	Not used
P4.1: To what extent does Finance Canada manage Canada's IDA contributions efficiently and economically?	Used	Used	Not used	Not used
P4.2: To what extent can the IDA be considered efficient and economical in its operations?	Used	Used	Not used	Used

4 Evaluation findings

4.1 Relevance

The relevance of Canada's program of payments to the IDA is assessed through an examination of whether the support provided to the IDA:

- continues to address a demonstrable need
- is aligned with the Government of Canada's priorities
- meets the conditions of the ODAAA

Key findings

Canada's international assistance priorities are focused on poverty reduction, which is the IDA's main mission. Canada's payments to the IDA continue to address a clear need. IDA countries lag behind on key measures and targets for economic and social development, and IDA activities were found to be broadly relevant for addressing these gaps. Canada's participation in and support for the IDA are aligned with the federal government's priorities and with the FIAP. Contributions to the IDA also align with the ODAAA.

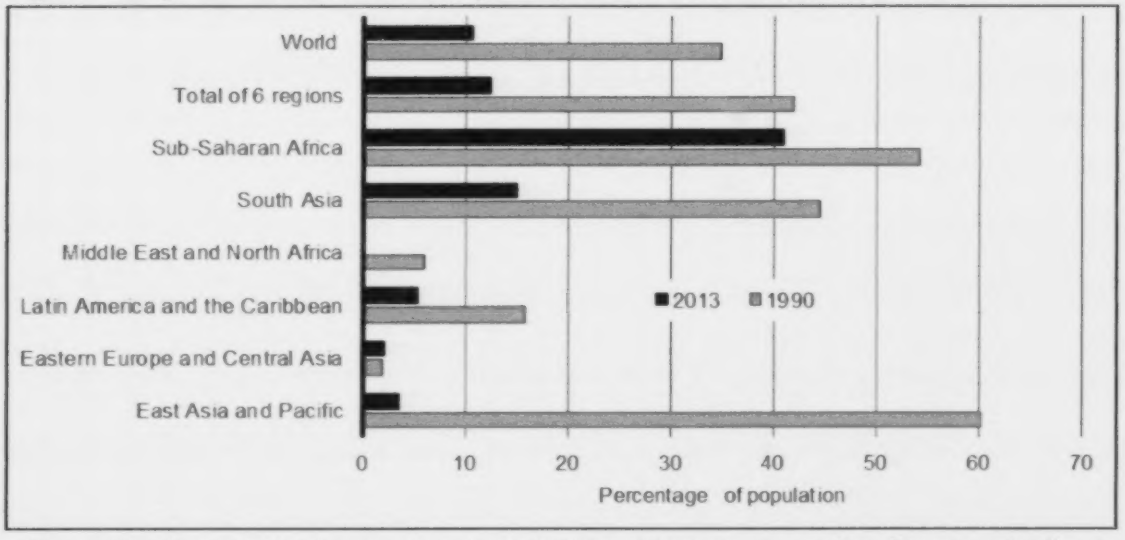
4.1.1 Demonstrated need

The world has made notable progress in overcoming extreme poverty in the last few decades. The World Bank's poverty-head-count ratio can be used to get a glimpse of the state of global poverty. The ratio measures the percentage of the population living on less than US$1.90 per day at the 2011 purchasing power parity (PPP) rate. Globally, this ratio has dropped from 34.8% in 1990 to 10.7% in 2013, the latest year for which data are available. In IDA countries, which are the poorest in the world, the ratio has dropped from 50.5% in 1990 to 28.9% in 2013. The decline in extreme poverty worldwide has not been uniform.

Figure 1 compares the distribution of extreme poverty (using the poverty-head-count ratio) in 6 World Bank regions between 1990 and 2013. Due to insufficient survey data coverage, the 2013 poverty-head-count ratio for the Middle East and North Africa region is not provided in Figure 1. In 2008, which is the last year for which data is available, the poverty-head-count ratio in the Middle East and North Africa region was 2.1, down from 6.0 in 1990. In the Eastern Europe and Central Asia region, the poverty-head-count ratio is about 2.0, which is low. The remaining World Bank regions have experienced notable declines in extreme poverty but the decline is least prominent in sub-Saharan Africa.

In sub-Saharan Africa, the poverty-head-count ratio has dropped from 54.3% in 1990 to 41.0% in 2013, while in South Asia the ratio dropped from 44.6% to 15.1%. In 2013, the 2 regions were home to over 83% of the world's population (or 639.3 million people) who lived in extreme poverty (out of a total of 768.5 million people). The IDA allocates and disburses the bulk of its resources in the 2 regions. In 2016, Africa[10] and South Asia together accounted for 86% of total gross IDA disbursements, with Africa receiving 51.5%.

Figure 1: Regional distribution of the poverty-head-count ratio, 1990 and 2013

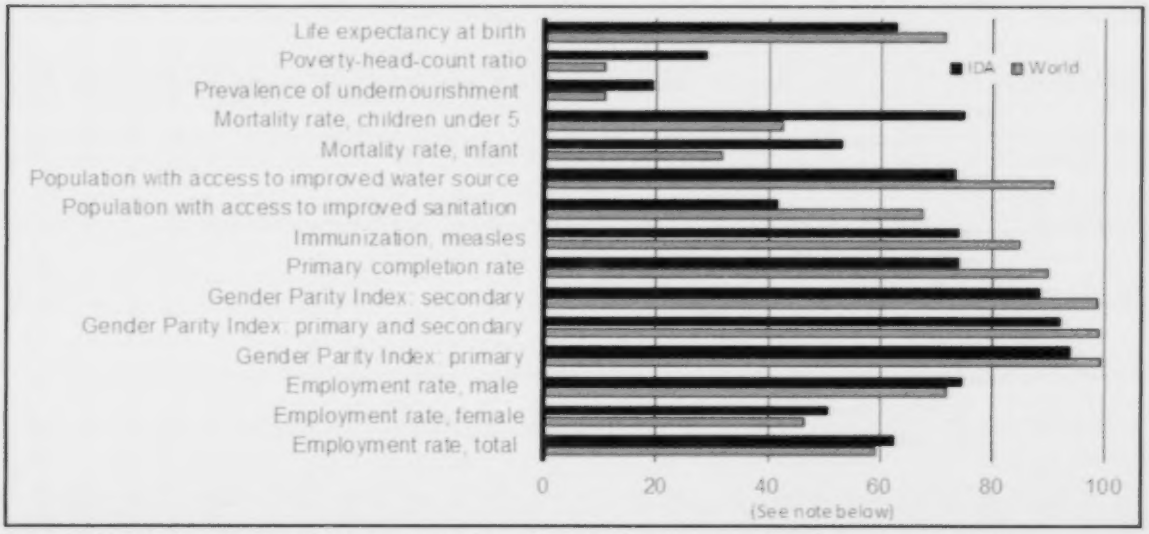


Source: World Bank Regional aggregation using 2011 PPP and $1.9 a day poverty line, **data accessed online on June 28, 2017**

IDA countries lag behind the world in terms of other key development outcomes. Figure 2 compares some key development achievements in IDA countries compared with the world in 2015 or the latest year for which data are available. The development indicators presented in the figure are described in Appendix A.

10. In some cases, the data do not differentiate between North Africa and sub-Saharan Africa. In such cases, the entire continent is referred to.

Figure 2: Development achievements: IDA countries compared with the world



Source: The World Bank DataBank: Millennium Development Goals, **accessed on September 25, 2017**

Note: All the development indicators are measured as a percentage of the relevant population, except for the following:

- life expectancy at birth is in total years
- mortality rates (both infant and under 5) are per 1,000 live births
- the Gender Parity Index measures female enrolment in school as a percentage of male enrolment

The IDA aims to reduce poverty through programs that boost economic growth, reduce inequalities and improve living conditions. According to the IEG, the IDA was a cornerstone of the global effort to achieve the millennium development goals.[11] With the adoption of the 2030 Agenda for Sustainable Development and its 17 sustainable development goals (SDGs), the world now has the most ambitious, diverse and universal development roadmap in history. SDGs are a global set of development goals adopted by the United Nations in September 2015. The IDA's continued role in this roadmap is to support the development efforts of the world's poorest countries. The ODAAA requires that all ODA be focused on poverty reduction. The analysis of the data presented above, as well as the evidence from relevant document reviews and interviews, clearly demonstrates a continued need for Canada's contributions to the IDA.

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11. **IEG (2016)** Learning from IDA Experience: Lessons from IEG Evaluations

4.1.2 Consistency with government priorities

Canada's international assistance priorities are focused on poverty reduction. The December 2015 Speech from the Throne outlined the government's commitment to focus international development assistance on helping the world's poorest and most vulnerable. The commitment was reiterated in the 2016 Budget. The government has also committed its support for the implementation of the 2030 Agenda for Sustainable Development.[12] The government's international assistance priorities are articulated in the new FIAP, launched on June 9, 2017. The new policy targets gender equality and the empowerment of women and girls as the primary means to challenge poverty and inequality.

FIAP identifies 5 other interlinked action areas:

1. human dignity
2. growth that works for everyone
3. environment and climate action
4. inclusive governance
5. peace and security

The IDA's mission is poverty reduction. This is consistent with the WBG's goal of ending extreme poverty by 2030. The WBG aims to achieve this goal by:

- "decreasing the percentage of people living on less than [US]$1.90 a day to no more than 3%"
- "fostering the income growth of the bottom 40% for every country"[13]

As noted in the last section, IDA countries have achieved a significant reduction in extreme poverty. The poverty-head-count ratio dropped from 50.5% in 1990 to 28.9% in 2013. This represents a 21.6 percentage point decline in extreme poverty in 23 years. IDA support has also helped the world's poorest countries achieve notable progress in other key areas of development, including:

- gender equality
- health
- education
- basic services

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12. See the Minister of International Development and La Francophonie Mandate Letter.
13. The 2 goals are taken from What We Do on the World Bank website.

A detailed analysis of the effectiveness of the IDA's poverty reduction and development efforts is presented in 4.2.2.

Consistent with FIAP, the IDA has long recognized gender equality as key to achieving overall economic development. The IDA has also emphasized the mainstreaming of gender considerations into all assistance programs with the aim of enabling gender equality. Every IDA policy package from IDA12 to IDA18 included gender equality as a cross-cutting theme. The WBG developed a new gender strategy in 2015 to:

- fulfill a commitment under IDA17
- delineate the support that the WBG will provide in order to achieve greater gender equality

Gender equality is seen as a key pathway toward lasting poverty reduction and shared security and prosperity.

The IDA is uniquely suited to support gender equality outcomes, which require integrated work across multiple sectors and sustained efforts. In addition to gender equality, since IDA12, IDA policy packages have included themes, such as:

- climate change
- governance and institutions
- inclusive growth
- fragile and conflict-affected countries
- crisis response

IDA18's overarching theme is "Toward 2030: Investing in Growth, Resilience and Opportunity,"[14] and it incorporates 5 special themes:

1. gender and development
2. climate change
3. fragility, conflict and violence
4. jobs and economic transformation
5. governance and institutions

These themes are all aimed at supporting the world's poorest countries in their efforts to achieve SDGs.

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14. For more information about the theme, see the report on the overarching theme on the World Bank website.

The evidence presented above, based on document reviews and interviews, shows that Canada's payments to the IDA are consistent with the government's international assistance priorities and with FIAP. All 5 interlinked action areas of FIAP can generally be linked to the cross-cutting themes of IDA programs since IDA12.

4.1.3 Alignment with the Official Development Assistance Accountability Act

Canada's ODAAA (2008) stipulates that ODA may be provided only if the competent minister is of the opinion that it:

- contributes to poverty reduction
- takes into account the perspectives of the poor
- is consistent with international human rights standards[15]

ODA is not a distinct government program, nor does it exist as a separate budget item. The government sets a budget for international assistance and allocates this money to the International Assistance Envelope (IAE). Government departments use money from this envelope to fund the government's international assistance commitments. A significant part of this international assistance funding is later reported as ODA under the ODAAA.[16] Finance Canada spent C$492.82 million in international assistance payments in the 2016 to 2017 fiscal year, including C$441.62 million in contributions to the IDA.[17] All of this spending was reported as ODA in the Report to Parliament on the Government of Canada's Official Development Assistance.[18] The ODAAA does not require Finance Canada to demonstrate compliance with the 3 conditions when IAE allocations are sought to fund the government's international assistance commitments. Payments to the IDA made with IAE allocations have consistently been reported as ODA since the 2008 to 2009 fiscal year when the ODAAA came into effect. The reporting imposes the associated responsibility to demonstrate alignment with the 3 ODAAA conditions. Moreover, the department conducts online consultations with Canadians every 2 years in accordance with the ODAAA. Contributions to the IDA are specifically indicated as ODA in biennial consultations.

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15. Throughout this report, these 3 conditions are referred to as the "3 ODAAA conditions."
16. For example, in the 2016 to 2017 fiscal year, federal departments reported a total of C$5.3 billion spent on international assistance payments, and 95% of this spending was reported as ODA under the ODAAA. Over 90% of the reported C$5.3 billion in international assistance spending was funded by the IAE.
17. The remaining C$51.2 million payment also went to the IDA as part of writing off the debt owed to the IDA by some of the world's poorest countries. This write off was part of the Multilateral Debt Relief Initiative.
18. The Report to Parliament on the Government of Canada's Official Development Assistance is also referred to as the "ODA report" in this document.

The Report of the Auditor General of Canada: Spring 2013 included an audit of federal spending on ODA delivered through multilateral organizations. The performance audit covered ODA spending by 3 federal departments, including the Department of Finance Canada. A key finding of the report was that while the ODA provided to multilateral organizations had a central focus on poverty reduction, it was not evident how the assistance met the 2 other ODAAA conditions, namely:

- taking into account the perspectives of the poor
- being consistent with international human rights standards

The report noted that decision-makers did not have all the information that they needed to determine whether the 3 ODAAA conditions were respected. The audit recommended that the departments demonstrate how funding provided to multilateral organizations and reported as ODA meets the 3 ODAAA conditions set out in subsection 4(1) of the act. Finance Canada agreed with the recommendation.

An assessment of key documents and memoranda provided to the Minister of Finance, as part of the Minister's role as Canada's governor at the World Bank, at various times leading up to the conclusion of the IDA18 replenishment, indicates that program officials kept the Minister abreast of key issues, developments, and Canadian positions and priorities pertaining to the IDA and the World Bank.

Finance Canada's annual Bretton Woods Report includes a section on whether the funding provided by Canada to WBG institutions, including the IDA, complies with the ODAAA. The report states that the responsible Ministers have determined that the funding provided by Canada to the WBG meets the 3 ODAAA conditions. The report includes a very high-level description of how the IDA contributes to poverty reduction and takes into account the perspectives of potential recipients of financing.

The text of the section entitled "Compliance with the Official Development Assistance Accountability Act" has not changed much since the 2012 to 2013 report, when this section was first included. However, in the first 2 annual reports, a link was made between IDA development activities and the improvement of human rights. In the last 2 annual reports, there is no reference to this link. The department should consider expanding the section entitled "Compliance with the Official Development Assistance Accountability Act" to provide a complete account of how contributions to the IDA meet the 3 ODAAA conditions.

Every 3 years, Canada's pledge to make IDA replenishments is the outcome of a long process involving various parties, including:

- the Minister of Finance
- Finance Canada officials
- the Office of the Executive Director for Canada at the World Bank

- GAC

Program officials at Finance Canada indicated that the Minister of Finance is provided with all relevant information and advice at different times throughout the replenishment cycle. This enables the Minister to form an opinion about whether Canada's payments to the IDA comply with the 3 ODAAA conditions. The Bretton Woods Report, including the "Compliance with the Official Development Assistance Accountability Act" section, is typically reviewed by the Minister of Finance in September of each year. The Minister's decision on Canada's IDA replenishment pledge is typically sought 1 or 2 months after the review. Given this short timeline, program officials do not generally find it necessary to re-establish that the ODA complies with the 3 ODAAA conditions when they seek the Minister's approval on Canada's pledge to the IDA.

The evaluation finds that if the Minister of Finance is satisfied with the ODAAA compliance reported in the Bretton Woods Report, it is not essential to provide detailed accounts of compliance when the Minister's approval of Canada's IDA replenishment pledge is sought. However, since the ODAAA calls for the Minister's opinion on whether the ODA complies with the act before the assistance is awarded, it is necessary to provide a brief summary about ODA and compliance when the Minister's approval of Canada's IDA replenishment pledge is sought.

The discussion that follows supports the conclusion that Canada's contributions to the IDA fulfill the 3 ODAAA conditions.

Contribution to poverty reduction

The IDA's established mission is poverty reduction consistent with the WBG's 2 goals for 2030.[19] The IDA is a recognized leader in supporting development programs aimed at reducing poverty by:

- boosting economic growth
- reducing inequalities
- improving living conditions

As mentioned previously, IDA countries have achieved a significant reduction in extreme poverty, with the poverty-head-count ratio dropping from 50.5% in 1990 to 28.9% in 2013, which represents a 21.6 percentage point decline in extreme poverty in 23 years. The organization allocates its development funds where they are most needed. While the poverty-head-count radio declined in most World Bank regions, sub-Saharan Africa and South Asia still account for the bulk of extreme poverty. In 2013, the 2 regions were home to about 84% of the

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19. The 2 goals were mentioned previously and are listed under What We Do on the World Bank website.

world's extreme poor. In 2016, Africa and South Asia together accounted for 86% of the total gross financing provided by the IDA.

One could argue that allocation of resources does not guarantee effectiveness in terms of reducing poverty. Effectiveness is dealt with exhaustively in 4.2 of this document.

Perspectives of the poor

The World Bank and its IDA operations consider the perspectives of the poor in a number of ways.

At the heart of the World Bank's country-driven development model is a Country Partnership Framework for each institution of the WBG to engage with member countries. The framework is informed by systematic country diagnostics, which are derived from consultations with a country's national government and other stakeholders.

The World Bank systematically measures the views of thousands of influencers and key stakeholders in IDA countries through its Country Opinion Survey Program. These views are tracked over time to help inform strategies across countries and across the WBG. Data from recent surveys identified 2 key development priorities in IDA countries:

1. governance reform and government effectiveness
2. food security

The IDA Results Measurement System includes client feedback indicators derived from country opinion surveys. These indicators seek feedback on the World Bank's effectiveness and impact on results in IDA countries.

Client feedback indicators also measure the World Bank's knowledge, responsiveness, staff availability and collaboration with other donors.

At the project level, the World Bank's project teams consult and collaborate with project stakeholders and beneficiaries at the project design stage to ensure high quality at entry of operations. Quality at entry of operations is subject to evaluation and reporting by the IEG. The World Bank's new Environmental and Social Framework (ESF), which comes into effect in 2018, will institute mandatory standards and directives to ensure that environmental and social concerns and community voices are represented in the design and implementation of all World Bank projects.

The World Bank has made it a priority to engage with IDA countries and obtain feedback from 100% of Bank-financed projects by the end of fiscal year 2018.

In the World Bank Annual Report 2017, the Bank reported that, halfway through fiscal year 2017, 99% of the Bank's investment project financing was designed to be IDA country oriented. In addition, 89% of approved projects included an IDA country feedback indicator.

The Bank will monitor the IDA country engagement mechanisms and indicators from fiscal 2019 onward. The indicators will track early progress in implementing the citizen engagement initiative and give task teams the incentive to integrate project design and monitor feedback. IDA18 introduced the "projects with beneficiary feedback indicator at design"[20] indicator to track engagements with citizens and report on the feedback.

IDA countries have significant representation in the civil society policy forums at the WBG's spring and annual meetings. These forums bring together WBG staff, IDA deputies, as well as leaders from civil society, foundations, think tanks and faith-based organizations, to exchange views on a wide-range of development issues and priorities, including:

- citizen engagement
- operational collaboration and partnerships
- financial intermediaries
- education
- energy
- climate change

IDA countries are increasingly involved in the IDA replenishment process, through the involvement of government representatives as keynote speakers and opinion leaders. IDA countries are also represented in working groups, where contributing partners, IDA country representatives and WBG staff consult and brainstorm on select development topics in the IDA replenishment process.

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20. The Way Forward for IDA18: The IDA18 Results Measurement System

Consistency with international human rights standards

With regard to the ODAAA requirement that ODA be consistent with international human rights standards, the Report to Parliament on the Government of Canada's Official Development Assistance 2016-2017 states:

> For Canada's programming to be consistent with international human rights standards, initiatives must demonstrate, at a minimum, that they reasonably expect to 'do no harm.'

This means exercising due diligence to avoid undermining human rights in the country or community.[21] The World Bank's human rights standards with respect to its development interventions go well beyond the "do no harm" principle, especially after the adoption of a comprehensive ESF in August 2016. The new framework sets out the Bank's standards for safeguarding communities, key human rights and the environment in which its projects operate.

The ESF updates the Bank's current policies, which were issued nearly 20 years ago.

The World Bank contributes directly and indirectly to the fulfillment of many human rights articulated in the Universal Declaration of Human Rights (1948) and its 2 covenants, the International Covenant on Economic, Social and Cultural Rights and the International Covenant on Civil and Political Rights. Through the World Bank's support of gender equality, education, healthcare, nutrition, sanitation, housing, infrastructure and the environment, the IDA helps hundreds of millions of the world's poorest attain crucial economic and social rights. The Bank's support for good governance, accountable institutions, anti-corruption strategies and predictable legal frameworks in IDA countries helps people pursue a broad range of economic and civil rights.

The World Bank is broadly supportive of human rights discourse without being explicitly, systematically or strategically engaged in the discourse. There has long been a concern about the World Bank's approach to human rights, and the human rights records of some IDA countries. These concerns have been raised by many human rights advocates, experts and civil society organizations, including some Canadian civil society organizations. Many advocate that the World Bank should play a more active role in promoting human rights in IDA countries. An exhaustive presentation of these arguments and the World Bank's approach is provided in Appendix B.

The World Bank is primarily a financial institution with a development mandate. It cannot be expected to refuse to fund development projects located in countries ruled by governments that have poor human rights records. To do so would punish people in those countries. It should also be recognized that the Bank's role is not that of an enforcer of compliance with international

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21. Report to Parliament on the Government of Canada's Official Development Assistance 2016-2017

human rights obligations. The Bank can, however, play a collaborative role by helping IDA countries fulfill their human rights obligations. In the World Bank's vision for sustainable development that it outlined in the new ESF, the World Bank has reiterated its commitment to support the realization of human rights as expressed in the Universal Declaration of Human Rights. It has also reiterated that it plans to support its member countries in a manner consistent with the Bank's Articles of Agreement, as those countries strive to progressively achieve their human rights commitments. The effectiveness of the new ESF depends critically on the due diligence of the World Bank to ensure that:

- the Bank complies with the new World Bank Environmental and Social Policy
- IDA countries comply with the required Environmental and Social Standards

Based on the analysis presented above, the evaluation finds that the World Bank has the adequate frameworks, processes and remedies in place to conclude that Canada's contributions to the IDA can be considered consistent with international human rights standards.

4.2 Performance

The evaluation first assessed the effectiveness of:

- Finance Canada in administering contributions to the IDA
- the IDA in achieving the development objectives of the world's poorest countries

The evaluation then assessed the efficiency and economy of both Finance Canada and the IDA.

4.2.1 Effectiveness of the Department of Finance Canada

This section assessed the effectiveness of Finance Canada in:

- administering Canada's contributions
- advancing Canada's international assistance priorities

It also examined the department's effectiveness in meeting the conditions of the ODAAA.

Key findings

The Department of Finance Canada manages Canada's IDA contributions effectively and efficiently. In its engagement with the World Bank, the department has supported Canada's key international assistance priorities well. However, some opportunities exist for the department to:

1. better manage consultations with civil society organizations, as required by the ODAAA
2. better report on the effectiveness of Canada's significant contributions to the IDA in achieving poverty reduction objectives

4.2.1.1 Management of Canada's contributions to the International Development Association

A review of Finance Canada's annual reports from the 2011 to 2012 fiscal year to the 2016 to 2017 fiscal year shows that all payments were made on time and without errors. In addition, the department managed Canada's engagement with the IDA effectively and earned Canada a reputation for being supportive of poor countries. Throughout the IDA18 replenishment negotiations, Canada emphasized focusing on the poorest and most vulnerable countries and promoting gender equality in development.

Canada's contributions were especially noted in the following 3 areas.

1. IDA balance sheet optimization

IDA18 introduced an innovative hybrid-financing model that optimizes the IDA's balance sheet by blending donor contributions and repayments from previous loans with funds raised through market debt issuance as a means to notably increase replenishment resources. Using this new financing model, IDA18 generated an overall replenishment of US$75 billion, with a market debt of US$22.1 billion, marking the largest replenishment in the IDA's 57-year history. This replenishment also represents one of the most concrete and significant responses to date on the Addis Ababa Action Agenda to scale up the financing needed to achieve the SDGs.

Canada has been a strong voice in encouraging the World Bank's balance sheet optimization, as articulated in the Bretton Woods Reports published since fiscal year 2012 to 2013. Canadian officials presented a version of the new financing model for the IDA. Officials proposed financing the grants and the grant element of the IDA's concessional loans with grant-based funding, such as:

- donors grants
- reflows on past operations
- income transfers

Under the proposed approach, borrowings from markets and donors would fund the non-concessional portion of the IDA's operations. Canadian delegates were closely engaged at the IDA18 negotiations, which led to the adoption of the innovative financing framework that reflected key elements of the Canadian proposal. IDA participants widely recognized Canada's contribution to the paradigm shift in the IDA's financing model.

2. Enhanced support for private sector development

It has been widely recognized that achieving the SDGs will require investments of all kinds to move from billions of dollars in development assistance to trillions of dollars in development finance. In 2015, the WBG, along with the IMF and regional multilateral development banks, developed a vision to leverage the billions of dollars in lending commitments through the balance sheets of multilateral development banks in order to mobilize and catalyze trillions more in public and private sector dollars, articulating the "from billions to trillions" vision. As part of this vision, Canada has consistently supported the WBG in its role of crowding in the private sector, through the scaling up of risk mitigation instruments and credit enhancements.[22] The World Bank created a private sector window[23] as part of the IDA18 policy package to leverage US$2.5 billion of the IDA's capital over the next 3 years in order to mobilize at least

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22. "Crowding in the private sector" implies enhancing the participation of the private sector in order to finance development.
23. Refer to this IDA18 IFC-MIGA Private Sector Window document for more information.

US$6 billion to US$8 billion in additional private sector investments in the poorest and most fragile markets.

3. Enhanced support for fragile and conflict-affected states

Fragility, conflict and violence constitute pressing challenges to the achievement of SDGs. Canada endorsed the proposal to:

- significantly scale up IDA18 financing to fragile and conflict-affected states
- provide exceptional IDA support to a limited number of non-fragile and conflict-affected states that face fragility, conflict and violence risks

4.2.1.2 Alignment with the Official Development Assistance Accountability Act

The ODAAA calls for consultations with governments, international agencies and Canadian civil society organizations at least once every 2 years. The act requires that the views and recommendations expressed in the consultations be considered when the Minister of Finance decides on whether the awarding of ODA complies with the 3 ODAAA conditions. Under section 13 of BWRAA, the Minister of Finance is required to table before Parliament an annual report:

- summarizing the operations under the BWRAA
- detailing how those operations affect Canada

In addition to the above, the ODAAA requires the Minister of Finance to provide the following inputs to an annual report to Parliament tabled by the Minister of International Development and La Francophonie:

- the position taken by Canada on any resolution that is adopted by the Board of Governors of the Bretton Woods Institutions
- a summary of the manner in which Canada's activities under the BWRAA have contributed to carrying out the purpose of the ODAAA

This section examines the extent to which the requirements of the 2 acts are met.

Consultation with governments, international agencies and Canadian civil society organizations

Finance Canada conducts online consultations with Canadian civil society organizations, governments, international agencies and other participants every 2 years to seek their views as to whether the international assistance payments that the department administers, including payments to the IDA, satisfy the 3 ODAAA conditions. The latest online consultation process was launched on October 7, 2016, with a submission deadline of November 18, 2016.

The evaluation reviewed the submissions received through the latest round of consultation, and the briefing note with a summary of the submissions. The evaluation invited a number of participants in the latest round of consultation to provide their views on 3 issues:

1. the contributions to the IDA and their compliance with the ODAAA
2. the adequacy of the consultation process
3. possible improvements to the consultation process

The participants generally expressed their appreciation for the consultation process. However, concerns were raised that participants do not receive any feedback from the department on the outcome of the consultation once the process is concluded. Some even wondered if the consultation is used as merely a compliance exercise rather than a meaningful tool to inform decisions on ODA. It was suggested that consultation participants be provided with the complete summary that is presented to the Minister of Finance in order to enhance transparency and provide a degree of accountability. Suggestions to improve the consultation process included:

- increasing the awareness and promotion of the process
- seeking views on Canada's thematic priorities and the appropriate size of Canada's contributions to the IDA
- reaching out to key stakeholders in a more proactive manner

The last suggestion for improvement of the consultation process echoed the views of a number of Government of Canada officials who are involved with the IDA and its replenishments. The view was that to improve the consultation, more relevant information should be provided to civil society organizations beforehand. In addition, a better, more focused set of questions would generate feedback that is more useful and relevant.

With regard to whether Canada's contributions to the IDA comply with the ODAAA conditions, the consultation participants focused on 2 issues:

1. the World Bank's approach to human rights
2. the effectiveness of contributions to the IDA in reducing poverty

One view was that contributions to the IDA are not consistent with international human rights standards. This view suggested that the World Bank should do more to protect and promote human rights. Another view, however, was that, although there were reports of human rights violations in the past, World Bank programs are currently subject to adequate human rights safeguards. This view added that the World Bank meets or surpasses the human rights standards of similar development organizations.

With regard to whether payments to the IDA contribute to poverty reduction, it was pointed out that FIN provides inadequate attention to the effectiveness of contributions to the IDA in its report to Parliament. This issue will be further explored later under the subheading "Reports to Parliament."

An analysis of views expressed in internal interviews and a review of some of the briefing materials indicate that departmental officials brief the Minister of Finance on the results of the consultations. Based on the analysis, the process could be improved to ensure meaningful use of the input gathered through the consultation process.

The decision regarding Canada's pledge to IDA18, which concluded on December 15, 2016, was made at about the same time as the conclusion of the latest round of the ODAAA consultation. The Minister of Finance was briefed with a summary of the consultation results several weeks after the Minister approved Canada's pledge to IDA18. The department previously conducted an ODAAA consultation in late 2014. It was not possible, using the documents that were available for the purpose of the evaluation, to assess how the Minister was able to take into account the views and recommendations expressed in the consultations in accordance with the ODAAA.

Within the International Finance and Development Division, the Multilateral Institutions Section is responsible for the management of Canada's contributions to the IDA. The responsibility for conducting consultations on ODA is with the Development Policy Section.

In the context of the ODAAA consultations, improving the coordination of the 2 sections would help ensure that the Minister is able to take into account the views and recommendations from the latest ODAAA consultations before approving Canada's pledge to make IDA replenishments.

Recommendation

The International Finance and Development Division should ensure that the Minister of Finance has access to the views and recommendations of the participants of the latest ODAAA consultations before the Minister approves Canada's pledge to make IDA replenishments.

Reports to Parliament

Finance Canada fulfills:

- the reporting requirements of the BWRAA by tabling the Bretton Woods Report before Parliament
- the requirements of the ODAAA by providing inputs to the annual Report to Parliament on the Government of Canada's Official Development Assistance (the ODA report), which is tabled by the Minister of International Development

A review of the Bretton Woods Reports from the last 5 years indicates that the department provides a considerable amount of useful information on operations under the BWRAA. In the part of the report dedicated to Canada's engagement with the World Bank, the report articulates:

- Canada's forward looking objectives
- positions promoting Canada's international assistance priorities
- goals with respect to the institutional effectiveness of the WBG

The report provides pertinent information on the status of Canada's objectives with respect to the World Bank for the previous year. The report also provides an update on the status of programs and initiatives in support of Canada's key priorities, including:

- gender equality
- the environment
- support for fragile and conflict-affected states

Annexes of the report provide details on such subjects as:

- the background of Canada's engagement in WBG operations, including governance and representations
- Canada's financial contributions and selected results delivered through the WBG

In the 2016 to 2017 report, the results were from IDA operations in the first 2 years of IDA17, which the evaluation finds appropriate on the grounds that the IDA is the single largest channel for the delivery of Canada's official international assistance, with annual payments averaging C$441.6 million in recent years.

The Bretton Woods Report includes a section to demonstrate at a very high level how Canada's contributions to WBG institutions, including the IDA, comply with the ODAAA.

Finance Canada provides inputs to the ODA report tabled annually before Parliament by the Minister of International Development in accordance with the ODAAA. The segment covering IDA contributions provides a high-level account of results achieved and efforts by Canada to shape World Bank priorities and align them with Canadian priorities.

Although the level of discussion has not been consistent in recent years, the input from Finance Canada nevertheless provides an opportunity to explain to parliamentarians and the Canadian public how Canada's contributions to the IDA are supporting efforts to reduce global poverty.[24]

Two observations are in order:

1. The ODAAA requires the Minister of Finance to provide an account in the ODA report of the position taken by Canada on any resolution that is adopted by the Board of Governors of the Bretton Woods Institutions. This account is adequately provided in the Bretton Woods Report but not in the ODA report.
2. The ODAAA requires the Minister of Finance to provide a summary of how Canada's activities under the BWRAA have contributed to carrying out the purpose of the ODAAA in the ODA report. The evaluation finds that there is considerable opportunity to strengthen the quality and completeness of Finance Canada's reporting to meet this ODAAA requirement.

The stated purpose of the ODAAA is to ensure that all ODA is focused on poverty reduction in a manner consistent with:

- Canadian values
- aid effectiveness principles
- sustainable development

The ODAAA specifically refers to the 2005 Paris Declaration on Aid Effectiveness, which stated that while the volumes of aid and other development resources must increase to achieve development goals, aid effectiveness and development performance must increase significantly as well.

The Bretton Woods Report provides adequate information on Canada's objectives and commitments pertaining to key IDA and World Bank initiatives and programs aimed at sustainable development and poverty reduction. The report also provides some information on outputs and results, but no information on effectiveness, which is a key element of the ODAAA, and which some of the participants of the ODAAA consultations highlighted to justify Canada's significant IDA contributions. The contribution to poverty reduction condition of the ODAAA has an essential effectiveness connotation.

Mere support for poverty reduction initiatives may not be considered a contribution to poverty reduction. Thus, for example, supporting gender equality programs and initiatives does not guarantee gender equality outcomes, which is what Canadians would like to see from their

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24. For example, the latest ODA report (2016 to 2017) provided notably fewer details on activities and results compared with reports in previous years.

significant IDA contribution. Learning from IDA Experience: Lessons from IEG Evaluations, published in 2016, finds that the WBG has strengthened its attention to gender issues at the corporate level over the past few years, and most Bank operations display at least some gender awareness. This attention, however, has not "necessarily translated into more coherent, outcome-focused gender integration."[25] The quality of gender integration at entry of operations and in country strategies has been uneven. The attention to gender issues often failed to identify a clear rationale for gender integration and did not spell out a complete results chain to link gender gaps to the intervention or strategy. The evaluation, therefore, finds it useful to enrich the reporting of development results by supplementing with information on the effectiveness of programs and initiatives.

The IEG routinely publishes evaluation reports covering all key aspects of IDA and World Bank initiatives and programs. The IEG's summary results are included in the annual evaluation product entitled Results and Performance of the World Bank Group (RAP). Results information from the IDA Results Measurement System and effectiveness information from IEG evaluation reports could considerably enhance the quality and completeness of Finance Canada's reporting. Improved reporting would help Finance Canada meet the poverty reduction condition set out in the ODAAA. Ultimately, it is the extent to which the IDA has achieved its stated objectives that should be the determining factor in informing decisions regarding any future funding allocations.

The central focus of Canada's ODA, as articulated in the ODAAA, is poverty reduction, which is also the main mission of the IDA. The IDA has publicly available time-series data that report on the status of extreme poverty. Yet the Bretton Woods Report provides little or no information on the IDA's extreme poverty reduction outcome.

The following recommendation is provided in the spirit of supporting the improvement of the Bretton Woods Report in order to comply with the ODAAA reporting requirements.

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25. **IEG (2016)** Learning from IDA Experience: Lessons from IEG Evaluations

Recommendation

The International Trade and Finance Branch should continue its efforts to strengthen the quality and completeness of its reports to Parliament, with a greater focus on the effectiveness of IDA programs and initiatives in order to meet the ODAAA reporting requirements.

4.2.2 Effectiveness of the International Development Association

This section assesses the effectiveness of the IDA in achieving development and poverty reduction objectives in the world's poorest countries. It also provides an analysis of the effectiveness of the World Bank as an organization that supports development and poverty reduction activities and programs.

Key findings

IDA countries have demonstrated progress on key measures of poverty reduction and development, especially in the areas of human development and access to basic services that are fundamental to human dignity. Analysis of project-level data indicates that over 73% of IDA projects completed between 2013 and 2016 had satisfactory outcomes in terms of achieving the major objectives of the operations efficiently. The evaluation, however, finds that almost two thirds of the projects completed between 2013 and 2016 faced significant or high risk that the development outcomes would not be maintained. There are opportunities for the World Bank to enhance its institutional effectiveness by:

- designing projects based on a thorough assessment of conditions that can potentially affect planned development outcomes
- improving the quality of its supervision during project implementation

4.2.2.1 Development effectiveness

Key development results achieved

The IDA supports the world's poorest countries as they work toward universal coverage of basic services and stronger national systems for health, education and social protection. The IDA focuses on priorities that include:

- demographic transitions
- investments in the early years of life
- jobs
- humanitarian crises
- the needs of displaced populations

IDA funding between 2011 and 2016 has produced the following outputs:[26]

- 500 million people received essential health services
- 23 million pregnant women received prenatal care from a health care provider
- 64 million people received access to better water services
- 250 million children were immunized
- 7 million teachers were recruited or trained
- 120,000 km of roads were constructed, rehabilitated or upgraded

IDA support has helped the world's poorest countries achieve notable progress in some key areas of development. Figure 3 presents some broader development results that have been achieved since 1990.

IDA countries achieved a significant reduction in extreme poverty, with the poverty-head-count ratio dropping from 50.5% in 1990 to 28.9% in 2013. This represents a 21.6 percentage point decline in extreme poverty in 23 years.[27] Notable progress has been made in access to healthcare and basic services. For example, compared to 1990, between 16.5% and 20.2% more people in IDA countries had access to basic services, such as electricity, improved sanitation and clean water sources in 2013. In IDA countries, over 19% more births were attended by skilled health staff in 2015 compared to 1995. Over three quarters of children aged 12 to 23 months were immunized in 2015, up from 59.1% in 1990. In IDA countries, increased access to essential health services and to other basic services linked to human development has contributed to notable declines in infant and maternal mortality rates. Mortality rates among children under 5 years of age declined by more than half, dropping from 163 to 75 deaths per 1,000 live births. The maternal mortality rate has dropped from 824 deaths per 100,000 live births in 1990 to 452 in 2015. The overall progress on the human development front has added 8.4 years to life expectancy in IDA countries, which stood at 63.7 years in 2015.

Notable progress has also been made in education, labour market participation and gender equality in economic activity and education. More students enrolled in and completed primary and lower-secondary education in 2014 (the latest year for which data are available) than in 1990, as the primary completion rate increased from 58.0% to 73.9% and the lower-secondary completion rate rose by 19.2 percentage points. Females showed greater progress, when compared with their male counterparts, in both primary and lower-secondary school completion. The Gender Parity Index[28] in secondary school enrolment reached to almost 89 in 2014, up

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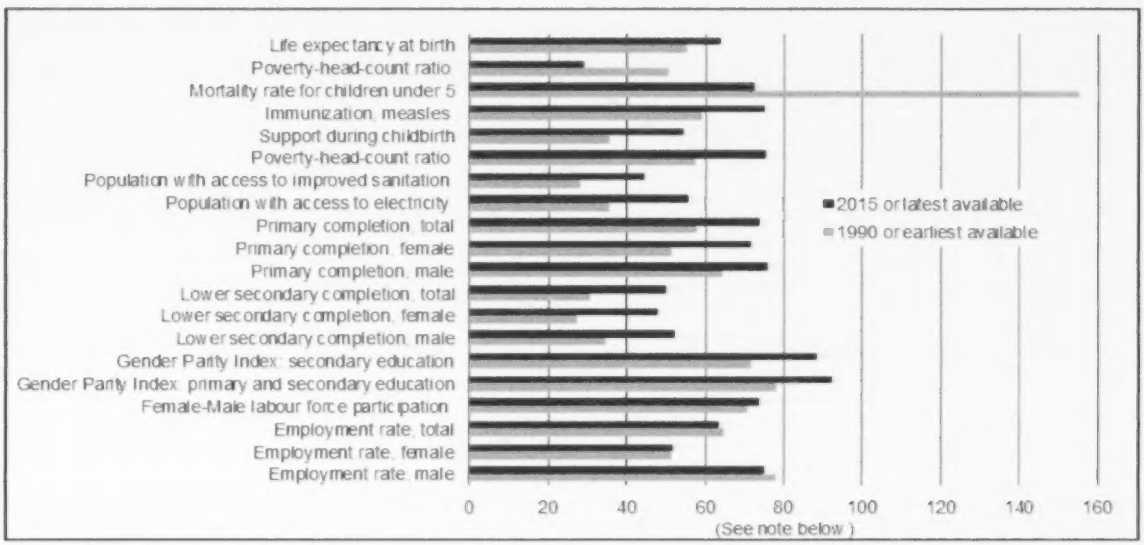
26. *IDA results* accessed on August 24, 2017. The results listed in the text cover the bulk of the IDA16 and IDA17.
27. The poverty-head-count ratio is the percentage of the population living on less than US$1.90 per day (at 2011 purchasing power parity). Based on the latest data cited in this report, compared to 1990, 43% fewer people live on less than US$1.90 a day.
28. The Gender Parity Index measures female enrolment in schools as a percentage of male enrolment.

from 71.5 in 1990. For primary and secondary school enrolment combined, the index rose 14.3 percentage points during the same period, rising from 77.9% to 92.2%. Finally, between 1990 and 2014, female labour force participation grew by 3% to 73.7%.

Figure 3: Progress of IDA countries between 1990 and 2015



Source: **World Bank** IDA Results Measurement System DataBank, **accessed on July 18, 2017**

Note: The development indicators are described in Appendix A. All the indicators are measured as a percentage of the relevant population, except for the following:

- life expectancy at birth is in total years
- mortality rates (both infant and under 5) are per 1,000 live births

IDA outcomes relative to the world

The world, including both IDA and non-IDA countries, has made significant progress in key areas of development since 1990. Evidence to suggest that the significant IDA interventions have been effective can be found in the greater improvement of IDA countries relative to the world in key areas of development. Table 2 presents the gap between IDA countries and the world with regard to key development indicators in 1990 and 2015. The gaps are expressed as the IDA average minus the world average. The gaps in development indicators provided in Table 2 have shrunk in all but 1 area: the poverty-head-count ratio, where the gap has increased from 15.7 in 1990 to 18.3 in 2015.

Table 2: Development gaps measured as the difference between IDA country averages and world averages in 1990 and 2015

Development indicators	1990	2015
Life expectancy at birth	-11.6	-8.8
Poverty-head-count ratio	15.7	18.3
Prevalence of undernourishment	15.1	8.4
Infant mortality rate (per 1,000 live births)	41.2	21.3
Children under 5 mortality rate (per 1,000 live births)	72.3	32.4
Maternal mortality rate (per 100,000 live births)	439.0	236.0
Immunization, measles (percentage of children aged 12 to 23 months)	-16.6	-10.8
Primary completion rate, total (percentage of relevant age group)	-23.3	-16.2
Gender Parity Index, primary school enrolment	-7.6	-5.7
Gender Parity Index, secondary school enrolment	-13.0	-10.2
Gender Parity Index, primary and secondary enrolment	-8.7	-7.0
Population with access to improved sanitation	-26.5	-25.8
Population with access to improved water source	-19.4	-17.5

Source: Calculations based on data from the World Bank Millennium Development Goals DataBank, accessed on September 25, 2017

Some IDA regions have performed better than others, and in some cases IDA regional outcomes have surpassed the world average:[29]

- IDA countries in the East Asia and Pacific, South Asia, and Eastern Europe and Central Asia regions have lowered their maternal mortality rates below the world average
- Average primary completion rates in IDA countries in the East Asia and Pacific, Latin America and the Caribbean, and Eastern Europe and Central Asia regions exceed the world average

29. See Appendix D for details.

- IDA countries in Eastern Europe and Central Asia have achieved impressive progress in key areas of development:
  - The mortality rate of children under 5, access to improved sanitation, maternal mortality rate, rate of immunization for measles and primary completion rate in Eastern Europe and Central Asia exceed the world average
- IDA countries in the Latin America and the Caribbean region have achieved impressive outcomes in primary completion and gender equality in primary and secondary school enrolment that significantly exceed the world average

Lower than average IDA development outcomes compared with the world averages can largely be attributed to sub-Saharan Africa, which also largely accounts for the widened gap in the poverty-head-count ratio in IDA countries compared with the world average. While most of the World Bank regions experienced significant declines in the poverty-head-count ratio, sub-Saharan Africa and South Asia still account for the bulk of the extreme poverty. Sub-Saharan Africa in particular showed notable resistance to poverty reduction efforts.

IDA project performance

The IDA is the largest contributor to development financing in the world's poorest countries, and IDA support has helped the world's poorest countries achieve key development outcomes as discussed in the previous section. A more direct assessment of IDA contributions to development outcomes can be achieved based on an analysis of the data on IDA project performance presented below.

The IDA project level performance data used for the analysis come from the IEG World Bank Project Performance Ratings dataset, which contains all IEG assessments of World Bank projects.[30] Figures 4 and 5 present some aggregated ratings on IDA project outcomes. An explanation of IEG data and ratings presented can be found in Appendix C. The most desirable project outcome, from the perspective of IDA donors, including Canada, is one with a highly satisfactory or satisfactory outcome rating. Donors would also want the development outcomes to be sustained. Thus, an outcome rating of "satisfactory" or "highly satisfactory" with low or negligible risk to development outcome (RDO) is most desirable. Figure 4 shows that only about 22% of the IDA projects completed between 2013 and 2016 received a "satisfactory" or "highly satisfactory" outcome. This result is lower than the one achieved between 2009 and 2012.

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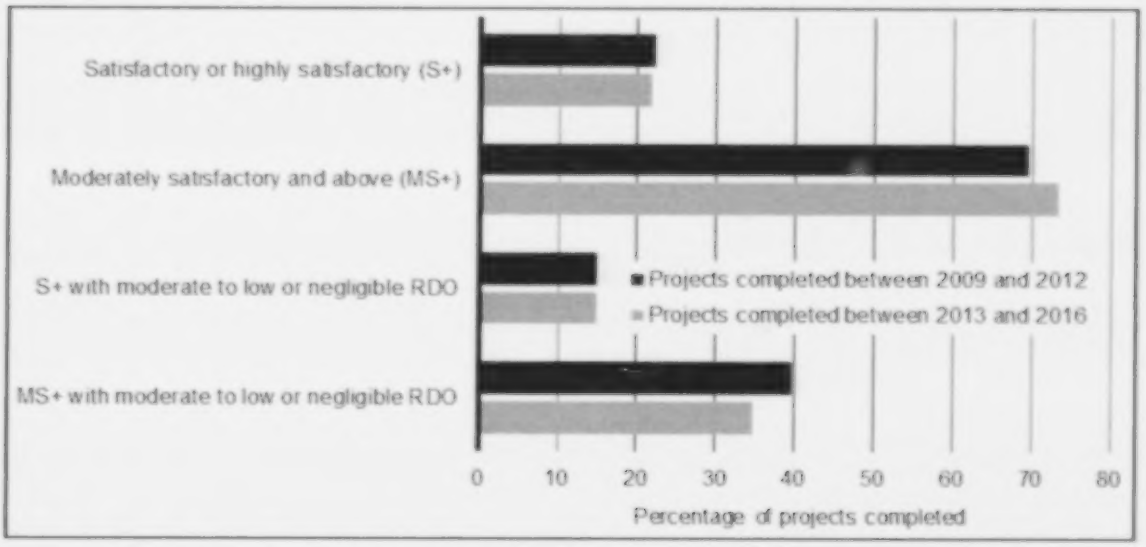
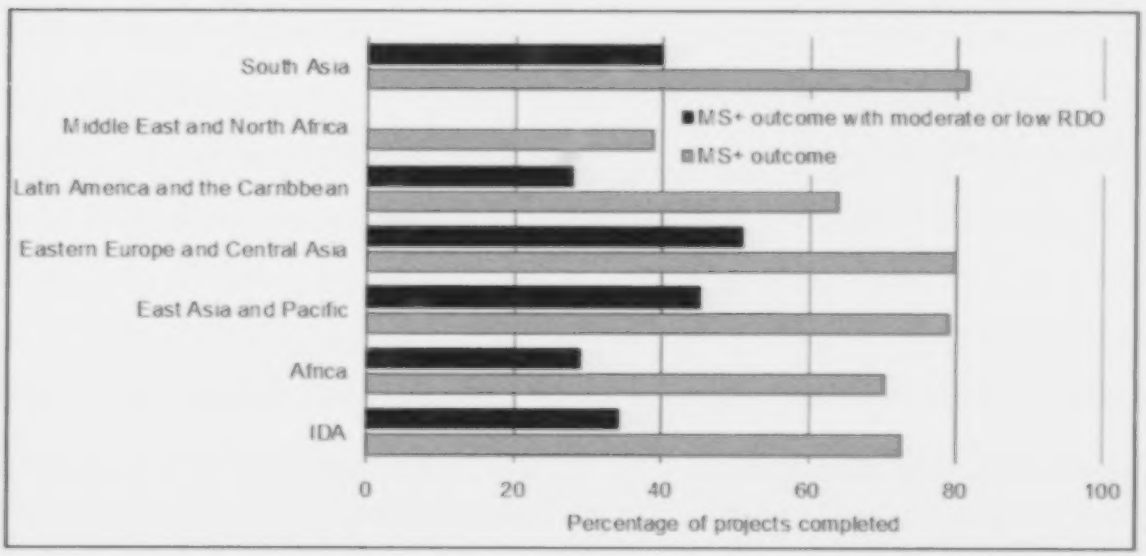
30. IEG data and ratings were accessed on April 12, 2017. An explanation of IEG data and ratings can be found in Appendix C.

Figure 4: IDA project outcomes and risks to development outcomes (RDOs)



Source: IEG World Bank Project Performance Ratings, accessed on April 12, 2017

Figure 5: Regional distribution of project outcomes with risks to development outcomes (RDOs), 2013 to 2016



Source: IEG World Bank Project Performance Ratings, accessed on April 12, 2017

The World Bank often operates under challenging conditions in IDA countries, with binding country and capacity constraints to development and poverty reduction, including constraints rooted in political economy. The IEG and the World Bank reports generally consider a rating of

"moderately satisfactory or better" (MS+) as a satisfactory performance. Based on this criteria, 73% of the projects completed between 2013 and 2016 achieved satisfactory outcomes, up from 69.5% of the projects completed between 2009 and 2012. At the regional level (see Figure 5), South Asia was the best performing region, where 82% of the projects were rated MS+, followed by Eastern Europe and Central Asia at 80%, and East Asia and Pacific at 79%. Africa, which accounted for about 47% of all IDA projects, had 70% of the projects rated MS+. IDA projects in the Middle East and North Africa region had the lowest performance with only 39% of completed projects rated MS+.

The World Bank does not generally report on the sustainability of development results. Figure 4 shows that slightly more than one third of the IDA projects with MS+ ratings had moderate to low or negligible RDOs. This implies that almost two thirds of the projects completed between 2013 and 2016 faced significant or high RDOs. More worrisome is that the share of projects with high or significant RDOs rose by almost 5 percentage points in the 3-year period ending in 2016 compared to the previous 3-year period ending in 2012. The regional distribution of project outcomes (Figure 5) shows some variations in RDOs. What seems most alarming is that all projects with MS+ ratings in the Middle East and North Africa region had significant or high RDOs.

The high or significant RDOs for almost two thirds of the IDA projects that were completed between 2013 and 2016 with MS+ outcome ratings calls for special attention. This high proportion of significant RDOs may imply, for example, that the 120,000 km of roads constructed or upgraded between 2011 and 2016 may not be sustained for long. In some cases, (for example, the operations in the Middle East and North Africa region) the usefulness of IDA operations may be questioned due to the very low or negligible sustainability of outcomes. A host of many complicated factors may underlie the low sustainability prospects of development outcomes. In RAP 2014, the IEG noted that while the development outcomes for projects in primary education, health, nutrition and population, and water supply and sanitation, had hovered around Bank averages, "many faced significant or high risk to development outcomes due to uncertain financial sustainability and institutional weaknesses."[31] It added that "addressing the financial sustainability risk would require greater attention to improving domestic resource mobilization capacity."[32]

A thorough examination of the factors behind the low sustainability prospects of project outcomes is beyond the scope of this evaluation. The associated organizational and country

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31. **IEG (2015)** Results and Performance of the World Bank Group 2014
32. **IEG (2015)** Results and Performance of the World Bank Group 2014

factors will be explored on a limited scale in the next section on the organizational effectiveness of the World Bank.

4.2.2.2 Organizational effectiveness of the World Bank

The World Bank, which is composed of the IDA and the IBRD, is the world's largest funder of development interventions, with total commitments of US$42.1 billion in 2017.[33] In 2016, the Multilateral Organization Performance Assessment Network (MOPAN) completed a thorough institutional assessment of the World Bank covering the period from 2014 to mid-2016.[34] The assessment considered 5 performance areas. Four areas are related to organizational effectiveness: strategic management, operational management, relationship management and performance management. The fifth area is related to development effectiveness or results. The MOPAN 2015-16 assessment of the World Bank stated:

> The overall conclusion of the 2016 MOPAN assessment is that the World Bank is a mature and high-performing organization, which meets the requirements of an effective multilateral organization that is both fit for purpose and can anticipate and adjust to a changing world.... The Bank's comparative advantage lies in its capacity to provide a tailored package of financing and knowledge to its clients. Its internal structures, processes and procedures support the efficient and effective delivery of these services in line with its mandate.[35]

The MOPAN assessment identified the World Bank's key strengths in 4 areas:

1. unparalleled global reach and financial resources
2. strong country-level engagement
3. ability to anticipate and adjust to a changing global environment
4. robust oversight, accountability and due diligence structures

The UK Department for International Development (DFID) completed a multilateral development review in December 2016. The assessment included the World Bank, which scored "very good" on the organizational strengths index. The review highlighted the World Bank's

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33. Total commitments of the WBG in 2017 stood at US$61.8 billion. This included the commitments of the World Bank, the International Finance Corporation, the Multilateral Investment Guarantee Agency and recipient-executed trust funds.
34. MOPAN is a network of donor countries with a common interest in assessing the effectiveness of multilateral organizations. It is made up of 18 donor countries: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, the Netherlands, Norway, Korea, Spain, Sweden, Switzerland, the United States of America, and the United Kingdom. These 18 countries together provide 95% of ODA to multilateral organizations.
35. MOPAN (2017) 2015-16 Assessments: The World Bank: Institutional Assessment Report

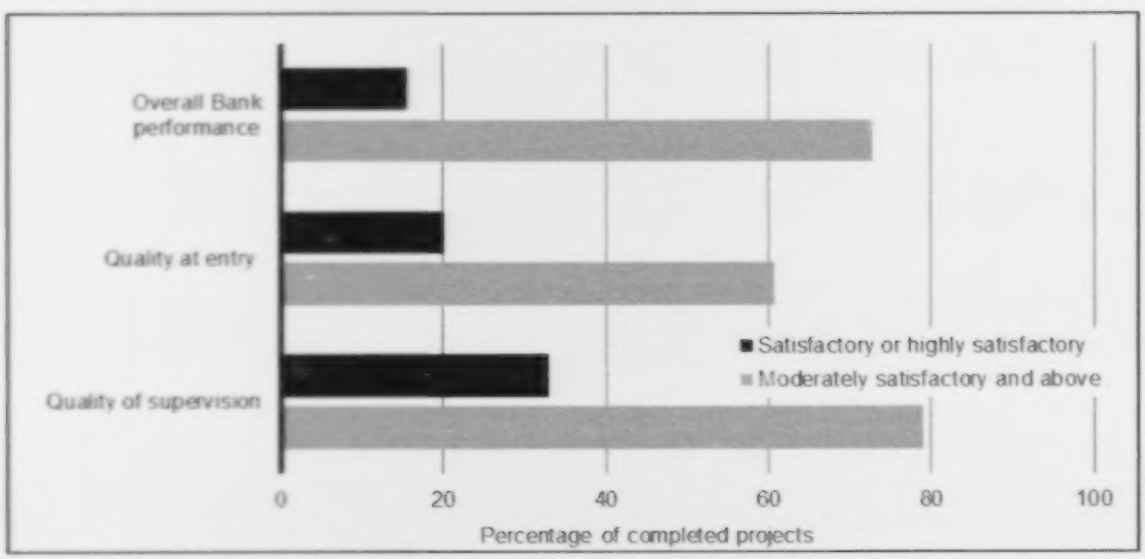
global reach, technical capacity, breadth of funding instruments, and convening and influencing role.

The World Bank was found to be good at delivering against challenging objectives and managing risk.

The recent and thorough assessment of the World Bank's organizational effectiveness, especially the assessment by MOPAN, reduces the need for further assessment as part of this evaluation. However, the high or significant RDOs for almost two thirds of IDA projects calls for some examination of accountabilities. The IEG World Bank Project Performance Ratings data used in the last section facilitates this examination. In particular, the data provide information on the World Bank's project implementation performance as well as the performance of IDA countries. The Bank's project implementation performance is measured by quality at entry of project operations and quality of project supervision.

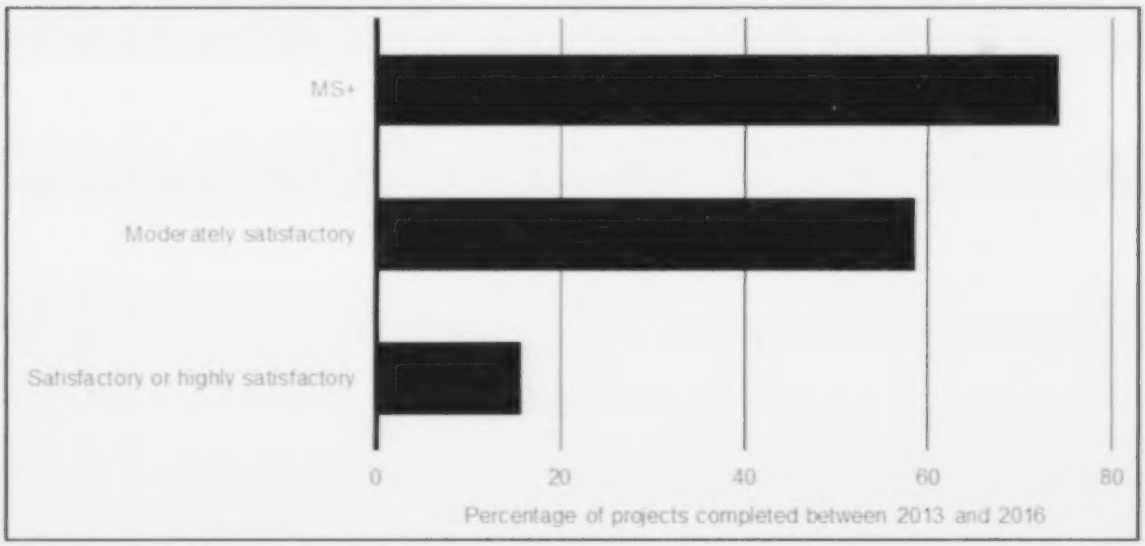
Figure 6 gives a breakdown of the World Bank performance for the projects completed between 2013 and 2016. Almost 73% of the IDA projects were rated MS+ for overall Bank performance. The Bank performs very well in terms of quality of supervision, where four-fifths of the projects are rated MS+. However, the Bank's performance at the entry of operations stage is rated MS+ for only about 61% of projects.

Figure 6: IDA performance in project implementation



Source: IEG World Bank Project Performance Ratings, **accessed on April 12, 2017**

Figure 7: Overall IDA country performance for projects completed between 2013 and 2016



Source: IEG World Bank Project Performance Ratings, **accessed on April 12, 2017**

Figure 7 shows the overall IDA country performance for projects completed between 2013 and 2016. In about three quarters of the projects, borrower performance is rated MS+. IDA country performance undoubtedly affects the overall project outcomes and the sustainability of development results. Numerous analyses conducted by both World Bank management and the IEG have highlighted the importance of country conditions, including a country's institutional and capacity constraints, and their effect on project outcomes. The analyses, however, emphasized the significance of adapting project design and supervision to country conditions for the achievement of satisfactory outcomes.

Since 2012, every annual RAP has consistently underscored the importance of factors over which the Bank has substantial influence that affect a project's development outcome. There was an analysis of quality at entry of operations and quality of supervision as part of 203 field-based project assessments, which were completed between 2008 and 2009. This analysis was reported in RAP 2014. The analysis showed that well-designed projects tend to:

- draw on past lessons at entry of operations
- have effective risk mitigation measures
- adopt appropriate objectives and results frameworks

The most frequently identified factors that positively affect the Bank's quality at entry of operations and the effectiveness of projects in delivering development results include:

- effective use of lessons learned from earlier engagements in project design
- adequate attention to technical aspects, such as procurement and safeguards
- good relationships with stakeholders, including the client, agencies, civil society and others

Poor quality at entry of operations is manifested in a number of ways:

- overambitious or complex project design in the context of the implementing agency's insufficient capacity
- poor monitoring and evaluation
- poor results framework
- design problems, such as:
  - unrealistic cost estimation
  - lessons not incorporated
  - inadequate identification of safeguards
- inadequate risk identification and mitigation measures

During project implementation, the propensity to solve problems, facilitated by regular missions, determines the supervision quality of Bank projects. The most important factor in Bank performance during supervision is the capacity of the Bank's team to solve problems encountered during project implementation. When a project is in progress, a wide range of possible issues (for example, procurement, financial management or staffing) can impede progress and influence impact. As noted in RAP 2015, project performance relates to a large extent to what happens during project implementation, such as cancelling funds for projects that are not working or providing additional financing for successful projects. The quality of relationships with stakeholders, the frequency of missions and the expertise of the Bank team are also found to contribute positively.

The extensive analysis of World Bank project outcomes, RDOs and some of the factors affecting project outcomes leads to 2 conclusions:

1. the World Bank should pay attention to:
   - enhancing the development outcomes of its projects
   - sustaining outcomes by working to minimize RDOs

2. the World Bank should:
   - improve its organizational effectiveness for successful project implementations
   - support the development of better institutions in IDA countries and better processes for development projects

The findings of this analysis suggest that the success of Bank projects depends critically on factors within the control of the Bank's management. The evaluation provides the following recommendation in the spirit of supporting:

- the department in its engagement with the World Bank
- Canada's participation in the upcoming consultations on IDA replenishment

Recommendation

The Department of Finance Canada should raise the issue of the significant risks to the development outcomes of IDA-financed projects in its engagement with the World Bank and during future IDA replenishment consultations. The department should emphasize the need for concrete World Bank management commitments to address issues during project planning and approval, and suboptimal supervision during project implementation.

4.3 Efficiency and economy

Efficiency is a measure of how economic inputs or resources are converted into results. In economic terms, efficiency signifies that the costs of scarce resources used to produce results approximate the minimum needed to achieve planned objectives.

In this section, the evaluation first assessed the efficiency and economy of Finance Canada in the management of Canada's contributions to the IDA. An assessment of the efficiency and economy of the IDA and the World Bank then follows.

Key findings

The management of Canada's contributions to the IDA by Finance Canada is generally efficient and highly economic. Some opportunities exist to enhance efficiency through increased engagement with GAC following the finalization of a replenishment.

IDA and World Bank operations are generally satisfactory on the basis of efficiency and economy. There is scope for further efficiency gains by fostering a culture of evidence-based adaptive management and learning within the World Bank.

4.3.1 Efficiency and economy of the Department of Finance Canada

Canada's IDA contributions program is managed by a small group of highly skilled officials at Finance Canada. In addition to their many non-IDA responsibilities, this group plays an effective role in shaping the IDA's priorities. The group collaborates effectively with officials from GAC, who generally represent between 33% and 50% of Canadian delegations at IDA replenishment meetings. Representatives from GAC take the lead on thematic issues and officials from Finance Canada take the lead on policy and financial aspects. This division of responsibilities based on expertise works very well and produces a strong voice to convince other G7 and G20 members

of the merits of Canadian positions on various policy issues. This arrangement contributes to effectively advancing Canada's international assistance priorities through the IDA and ensures that Canada's significant IDA payments provide good value for money in supporting sustainable poverty reduction and economic growth in poor countries.

While the management of the IDA file is generally efficient, a number of interviewees identified some potential efficiency gains. They suggested that more frequent meetings and information-sharing between Finance Canada and GAC officials on subject-matter issues and World Bank activities and strategies would enhance the efficiency of Canada's IDA payments.

4.3.2 Efficiency and economy of the International Development Association

The World Bank and the IEG use a composite indicator that includes effectiveness, relevance and efficiency to report on project performance. The project outcome rating is defined as "the extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently."[36] An exhaustive analysis of IDA performance based on the composite rating is presented earlier in this document under "IDA project performance." The composite rating, however, makes it difficult to assess the efficiency of IDA operations separately. There is, of course, a considerable amount of secondary information to assess the extent to which the World Bank is using its assets and comparative advantage to maximum effect. The MOPAN 2015-16 assessment of the World Bank found that the Bank's performance was satisfactory based on efficiency criteria. MOPAN noted that the Bank's human and financial resources, its considerable experience and knowledge of development issues, as well as the trust and confidence of its member countries confer the Bank with a comparative advantage over other international development organizations. In light of what precedes, the obvious question is the following: To what extent is the World Bank able to use this advantage to achieve development results efficiently?

The Quality of Official Development Assistance (QuODA): Third Edition found that the IDA was the only multilateral development organization that scored in the top 10 on all 4 dimensions of aid quality that it assessed, that is:

1. maximizing efficiency
2. fostering institutions
3. transparency and learning
4. reducing burden[37]

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36. IEG (2015) World Bank Project Performance Ratings Codebook.
37. QuODA is a joint initiative of the Center for Global Development and the Global Economy and Development Program at the Brookings Institution. The third edition of QuODA assessed aid quality for 31 Development Assistance Committee member countries and multilateral agencies according to the above listed 4 dimensions.

The IDA ranked second among all 31 Development Assistance Committee members covered by QuODA based on all 4 dimensions of aid quality assessed, with Ireland ranking first.

There is a large volume of evidence from evaluations completed by the IEG that shows that the Bank could improve its effectiveness and efficiency by:

- better managing knowledge
- paying greater attention to adaptive management and learning based on robust evidence

The World Bank clearly articulates the importance of knowledge and the complementarity of knowledge and financial resources for its business model.

The WBG has a long history of managing for results and the WBG has made good progress on creating a structure and process for results measurement. Evidence from IEG evaluations, however, shows that although progress has been made, the Bank still needs to:

- strengthen the foundations of results measurement
- further enhance the culture of evidence-based adaptive management and learning[38]

According to the IEG, learning has taken a backseat to accountability at the WBG. In its evaluation of the WBG's self-evaluation system that the Bank installed almost 4 decades ago, the IEG noted that the system:

- primarily focuses on results reporting and accountability needs
- does not well serve the emphasis placed by the WBG Strategy, published in 2013, on "becoming a 'Solutions WBG'" and learning to enhance performance[39]

The IEG report highlighted that the system needs to produce value for:

- staff and line management
- the primary beneficiaries of the Solutions WBG, that is, client governments, implementing agencies and citizens

Two recent World Bank initiatives aimed at enhancing efficiency and effectiveness should be lauded. The first initiative is the new Country Partnership Framework based on the systematic country diagnostic tool, which supports a more evidence- and context-based approach to country engagement. The second initiative is to restructure and reorganize operational staff to generate, share, apply and disseminate the knowledge gained through the Bank's lending operations and global engagement.

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38. For more information, see RAP 2016
39. IEG (2016) Behind the Mirror: A Report on the Self-Evaluation Systems of the World Bank Group

Country survey inputs have made the Bank aware that stakeholders, while rating the Bank highly for its role as a long-term partner and for its collaborations with governments and citizens, find the Bank's speed and flexibility challenging. Currently it takes 28 months from the concept note stage of a project to the start of implementation. A notable part of this delay is attributed to national processes, such as parliamentary assent to loans. The Bank is, however, doing its part. The Bank has introduced a new procurement framework, which significantly reduces the need for time-consuming prior reviews. In addition, the Bank has established a target to cut by one third the time it takes to get from the concept note stage to the first disbursement.

5 Conclusions

The evaluation finds that Canada's program of contributions to the IDA, as managed by the Department of Finance Canada, is relevant. Overall, the program performs well and contributes to poverty reduction in the world's poorest countries. This performance is consistent with Canada's international assistance priorities and the objectives of the ODAAA.

IDA countries have demonstrated progress on key measures of poverty reduction and development, especially in areas of human development and access to basic services that are fundamental to human dignity. IDA operations are generally efficient, and the management of Canada's contributions to the IDA by Finance Canada is very efficient.

The evaluation has presented evidence that indicates opportunities for improvement in IDA development outcomes as well as their sustainability. Most of this evidence comes from the World Bank's IEG. As noted in the MOPAN 2015-16 assessment, "the World Bank is a mature and high-performing organization, which meets the requirements of an effective multilateral organization that is both fit for purpose and can anticipate and adjust to a changing world." The Bank continues to receive the highest ratings for its role as a long-term development partner. The World Bank is aware of the areas that it needs to focus on in order to improve its effectiveness in achieving development outcomes, and it will continue to address those areas.

The evaluation has also presented evidence that indicates some opportunities for improvement in Finance Canada's management of Canada's contributions to the IDA.

Overall, Canada's payments to the IDA provide good value for money in supporting sustainable poverty reduction and economic growth in poor countries.

6 Management response and action plan

Recommendations	Management response	Planned action	Lead	Target date
1. The International Finance and Development Division (IFDD) should ensure that the Minister of Finance has access to the views and recommendations of the participants of the latest Official Development Assistance Accountability Act (ODAAA) consultations before the Minister approves Canada's pledge to make IDA replenishments.	Agree. Steps will be taken to ensure that the Minister has access to the views and recommendations of the participants of the most recent ODAAA consultations before the Minister approves Canada's pledge to make IDA replenishments.	A summary of the views and recommendations of the participants of the most recent ODAAA consultations will be provided to the Minister before the Minister makes a decision on Canada's pledge for IDA replenishments in 2019.	IFDD, which is responsible for undertaking ODAAA consultations at the Department of Finance Canada and briefing the Minister on Canada's pledge to make IDA replenishments.	Fall 2019
2. The International Trade and Finance Branch should continue its efforts to strengthen the quality and completeness of its reports to Parliament, with a greater focus on the effectiveness of IDA programs and initiatives in order to meet the ODAAA reporting requirements.	Agree. Budget 2018 committed to explore further enhancing reporting on international assistance. As part of this work, the department will explore ways to improve reports to	The next Canada at the IMF and World Bank Group report will include more information on IDA effectiveness and extreme poverty reduction, while recognizing that poverty reduction and economic growth cannot be directly attributed to international assistance provided by any single donor.	IFDD, which is responsible for drafting the applicable sections of the Canada at the IMF and World Bank Group report.	Summer 2018

	Parliament to meet the ODAAA requirements.	The department's contribution to the Report to Parliament on the Government of Canada's Official Development Assistance will also include more information to demonstrate how Canada's contribution to the IDA supports poverty reduction.		
3. The Department of Finance Canada should raise the issue of the significant risks to the development outcomes of IDA-financed projects in its engagement with the World Bank and during future IDA replenishment consultations. The department should emphasize the need for concrete World Bank management commitments to address issues during project planning and approval, and suboptimal supervision during project implementation.	Agree. The department works in collaboration with development specialists at Global Affairs Canada (GAC), the Office of the Executive Director representing Canada at the World Bank to improve the development and organizational effectiveness of the IDA and the World Bank.	Collaborative work between the IDA Deputy, GAC officials and the Office of the Executive Director representing Canada at the World Bank to ensure that issues surrounding development outcomes are raised in all Canadian engagements with relevant World Bank officials. Specifically, potential measures identified to mitigate risks to development outcomes and improve project implementation performance will be raised during the mid-term review of IDA18 and during the negotiations for IDA19.	IFDD, which leads Canada's engagement on IDA replenishment. Development result expertise will be sought from GAC.	Ongoing

7 References

Government of Canada legislation and reports

Bretton Woods and Related Agreements Act (2005)

Official Development Assistance Accountability Act (2008)

Canada at the IMF and World Bank Group 2016-2017

Report to Parliament of the Government of Canada's Official Development Assistance 2016-2017

Other reports

Brookings Institution (2014) The Quality of Official Development Assistance (QuODA): Third Edition

Independent Evaluation Group (IEG) (2016) Behind the Mirror: A Report on the Self-Evaluation System of the World Bank Group

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Multilateral Organization Performance Network (MOPAN) (2012) Assessment of Organizational Effectiveness and Development Results: World Bank 2012

MOPAN (2017) 2015-16 Assessments: The World Bank: Institutional Assessment Report

United Nations (2015) Transforming Our World: The 2030 Agenda for Sustainable Development

World Bank DataBank IDA Results Measurement System

World Bank (2017) Environmental and Social Framework

World Bank (2017) The World Bank Annual Report 2017

Appendix A: Descriptions of key development indicators

Table A1: Selected development indicators and relevant descriptions

Development indicator	Description
Life expectancy at birth	Life expectancy at birth in total years
Poverty-head-count ratio	Percentage of the population living on less than US$1.90 per day based on 2011 purchasing power parity (latest data for 2013)
Prevalence of undernourishment	Prevalence of undernourishment as a percentage of population
Mortality rate, under 5	Mortality rate of children under 5 years of age, per 1,000 live births
Mortality rate, infant	Mortality rate of infant, per 1,000 live births
Population with access to improved water source	Percentage of the population with access to improved water source (latest data for 2015)
Population with access to improved sanitation	Percentage of the population with access to improved sanitation (latest data for 2015)
Population with access to electricity	Percentage of the population with access to electricity (latest data for 2015)
Primary completion	Primary school completion rate, percentage of the relevant age group (latest data for 2014)
Lower secondary completion	Lower secondary school completion rate, percentage of the relevant age group (latest data for 2014)
Immunization, measles	Percentage of children aged 12 to 23 months who received measles vaccines
Support during childbirth	Percentage of total births attended by skilled health staff (earliest data for 1994 and latest data for 2015)
Gender Parity Index	Female enrolment in schools as a percentage of male enrolment
Employment rate	Employment-to-population ratio for people aged 15 and over, as a percentage of the relevant group (modelled on the ILO estimate)
Female-male labour force participation	Female labour force participation as a percentage of male participation, modelled on the International Labour Organization (ILO) estimate (latest data for 2015)

Appendix B: The World Bank's approach to human rights

Human rights are enshrined in a range of international treaties that most countries have signed. The International Bill of Human rights is made up of the:

- Universal Declaration of Human Rights (1948)
- International Covenant on Economic, Social and Cultural Rights (1966)
- International Covenant on Civil and Political Rights (1966)

The Universal Declaration and its 2 covenants are the foundation of the contemporary international system of human rights.

The World Bank contributes directly and indirectly to the fulfillment of many human rights articulated in the Universal Declaration and the 2 covenants. For example, Article 3 of both international covenants:

- reaffirms the equal right of men and women to the enjoyment of all human rights
- enjoins states to make that principle a reality

The World Bank has been focusing on women's issues in development since the early eighties, and gender equality is a key priority for the IDA. Consistent with the WBG's gender strategies in 2001 and 2015, the IDA works to close gender gaps in:

- economic opportunities
- labour market participation
- education
- health
- access to land titles
- other vital assets

Through its support of education, healthcare, nutrition, sanitation, housing, infrastructure and the environment, the IDA helps hundreds of millions of the world's poorest attain crucial economic and social rights. The Bank's support for good governance, accountable institutions, anti-corruption strategies and predictable legal frameworks in IDA countries helps people pursue a broad range of economic and civil rights.

The World Bank's approach to human rights can be characterized as broadly supportive of human rights discourse without being explicitly, systematically or strategically engaged in it. There is a large body of evidence and analysis that underscores the critical importance of human

rights standards and principles for the effectiveness of broad-based development efforts.[40] This has led to a growing trend among donors to integrate human rights into development strategies. A hypothetical, full human-rights-based approach would include elements, such as:

- human rights mainstreaming
- human rights dialogues
- specific human rights projects
- the implicit or non-explicit incorporation of human rights considerations[41]

Critics point out that much of the evidence supporting the emerging consensus that strong human rights safeguards promote and enhance development has come out of research from the World Bank. Yet the Bank has shown reluctance to make adherence to human rights a core principle by which it evaluates its development projects.[42] It is argued that, while the Bank cannot reasonably be expected to become an enforcer of human rights law, it should nevertheless:

- adopt a clear and substantive human rights policy
- persuade countries that receive IDA financing to live up to the commitments that they have made in international treaties

A section of the Bank's founding Articles of Agreement, which provides that only the economic considerations of economy and efficiency shall be relevant to the Bank's decisions about the investment of limited public resources, is often cited as an obstacle to robust action on human rights. The articles also bar interference in the political affairs of any member country, and provide that the Bank's decisions cannot be influenced by the political character of the member country. However, many legal experts, including the World Bank's former Senior Vice President

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40. The 2008 Accra Agenda for Action and 2011 Busan outcome document both acknowledged the importance of human rights standards and principles for the effectiveness of development efforts. In the context of the millennium development goals, the 2010 UN World Summit outcome document confirmed the centrality of human rights to sustainable development, which paved the way for the 2015 SDGs. The declaration in the 2030 Agenda for Sustainable Development, adopted by the UN General Assembly in 2015, underscored the centrality of human rights in development. A powerful case for the integration of human rights and development is made in a book, entitled Integrating Human Rights into Development: Donor Approaches, Experiences, and Challenges, published jointly by the World Bank and the Organization for Economic Co-operation and Development in 2013. In her forward, Mary Robinson, former President of Ireland and former UN High Commissioner for Human Rights, underscored the urgent need for human rights and development agendas to work in a mutually reinforcing way in order to eliminate poverty and promote equitable and sustainable development.

41. In a full human-rights-based approach to development, the main constraints to development are considered to be inequality, discrimination and violations of human rights. The approach emphasizes participation and empowerment and the need for accountability. All development efforts are anchored in human rights norms, standards and obligations.

42. See, for example, the New York Times editorial published on June 27, 2016. Some human rights experts criticize the World Bank position with respect to human rights in even tougher tones. In a 2015 report, Philip Alston, the United Nations special rapporteur on extreme poverty and human rights, characterized the World Bank as a "human rights-free zone" with operational policies that treat "human rights more like an infectious disease than universal values and obligations."

and General Counsel Roberto Dañino, hold that the limitations in the articles do not prevent the Bank from considering political issues that have economic consequences or implications so long as such considerations are made in a non-partisan, non-ideological and neutral manner. The experts argue that the Bank should embrace the centrality of human rights in its work, given the mounting evidence that substantial violations of civil and political rights are related to slower economic growth.[43]

In August 2016, the World Bank adopted a comprehensive Environmental and Social Framework (ESF), setting out the Bank's standards for safeguarding communities, key human rights and the environment in which its projects operate, after concluding 4 years of analysis, engagement and consultations that reached nearly 8,000 stakeholders in 63 countries. The new ESF, which updates the Bank's current policies that were issued nearly 20 years ago, goes into effect in 2018. The new ESF has 3 components:

1. A vision for sustainable development
2. The World Bank Environmental and Social Policy
3. The Environmental and Social Standards

The vision for sustainable development recognizes the critical importance of social development and inclusion for all of the World Bank's development interventions. The Bank also reiterates its commitment to support:

- the realization of human rights as expressed in the Universal Declaration of Human Rights
- IDA countries, in a manner consistent with the Bank's Articles of Agreement, as they strive progressively to achieve their human rights commitments

The World Bank Environmental and Social Policy sets out the mandatory requirements that apply to the Bank in conducting its due diligence. It provides greater clarity about the roles and responsibilities of the Bank.

The Environmental and Social Standards set out the mandatory requirements that apply to IDA countries and projects.

The Employment and Social Standards establish objectives and requirements to avoid, minimize, reduce and mitigate environmental and social risks and impacts, and where significant residual impacts remain, to compensate for or offset such impacts. The standards also ensure that

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43. See, for example, Roberto Dañino's "Legal Aspects of the World Bank's Work on Human Rights in Human Rights and Development: Some Preliminary Thoughts," which is a chapter in the collection entitled Human Rights and Development: Towards Mutual Reinforcement. The collection is edited by Mary Robinson and Philip Alston. See also the Report of the Special Rapporteur on extreme poverty and human rights by Philip Alston, presented to the 70th session of the UN General Assembly, August 4, 2015, and UN Independent Expert reports on World Bank and IMF human rights performance by Alfred-Maurice de Zayas, October 2017.

environmental and social concerns and community voices are represented in the design and implementation of projects.

The ESF broadens the treatment of social impacts and adds protections in critical areas, such as:

- labour
- working conditions
- community health
- road safety measures
- emergency response
- disaster mitigation
- non-discrimination against disadvantaged or vulnerable groups or individuals

The new framework promotes environmental sustainability by considering a greater range of environmental risks and potential impacts, and by encouraging the sustainable management of living natural resources.

With regard to protecting indigenous rights, the framework insists on free, prior and informed consent of the peoples affected by Bank-financed projects.

The ESF adds new instruments to bolster accountability and incorporates expanded roles for project-level grievance redress mechanisms to respond to complaints from project-affected people. Project-affected people can also submit complaints regarding a Bank-financed project to the World Bank's Grievance Redress Service.

The ESF brings the World Bank's environmental and social protections into closer harmony with those of other development institutions. In January 2015, the United Nations Development Program (UNDP) officially recognized the centrality of human rights to its goals. The UNDP also committed to supporting universal respect for human rights and fundamental freedoms for all. The UNDP will support state efforts to meet human rights obligations, and refrain from providing support for activities that may contribute to violations of:

- a state's human rights obligations
- the core international human rights treaties

The World Bank is primarily a financial institution with a development mandate. It cannot be expected to refuse to fund development projects and thereby punish people in IDA countries where governments have poor human rights records. It should also be recognized that the Bank's role is not that of an enforcer of compliance with international human rights obligations. The Bank can, however, play a collaborative role in helping IDA countries fulfill their human rights obligations. The World Bank should nevertheless be vigilant to ensure that it complies with the new World Bank Environmental and Social Policy, and that IDA countries comply with the required Environmental and Social Standards.

Appendix C: Independent Evaluation Group data and ratings

The IEG ratings are described in the World Bank Project Performance Ratings Codebook.

The IEG reviews all implementation completion and results reports (ICRs) of completed World Bank lending operations through ICR reviews (ICRRs). In ICRRs, the IEG provides its own project ratings based on the same evaluation criteria used by the World Bank project teams. For a subset of projects, IEG performs in-depth field-based evaluations, called project performance assessment reports (PPARs). PPAR ratings are considered more authoritative than ICRR ratings.

The project outcome rating is defined as "the extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently"[44] It is rated on 6-point scale: highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory and highly unsatisfactory.

The risk to development outcome (RDO) in the IEG ratings is the risk, at the time of evaluation, that development outcomes or expected outcomes will not be realized or maintained. Possible ratings for RDO are high, significant, moderate and negligible to low.

The Bank performance indicator gives the extent to which services provided by the Bank ensured quality at entry of operations and supported effective implementation through appropriate supervision. Possible ratings for Bank performance are highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory, and highly unsatisfactory.

The IDA country performance indicator assesses the extent to which the IDA country (including the government and implementing agency or agencies):

- ensured the quality of preparation and implementation
- complied with covenants and agreements in order to achieve the development outcomes

Possible ratings for IDA country performance are highly satisfactory, satisfactory, moderately satisfactory, moderately unsatisfactory, unsatisfactory and highly unsatisfactory.

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44. The term in the World Bank Project Performance Ratings Codebook is "outcome rating" and the definition is taken verbatim.

Appendix D: Regional distribution of selected development outcomes, 2015

Development outcome	World	IDA	Sub-Saharan Africa	East Asia and Pacific	Latin America and the Caribbean	South Asia	Eastern Europe and Central Asia	Middle East and North Africa
Life expectancy at birth	71.7	62.8	59.2	66.5	69.5	68.4	69.3	66.4
Poverty-head-count ratio	10.7	29.0	n/a	n/a	n/a	n/a	n/a	n/a
Mortality rate, under 5	42.5	74.9	82.4	46.8	43.4	66.2	37.1	32.6
Population with access to improved sanitation	67.5	41.8	26.4	65.3	57.4	58.6	96.6	71.9
Population with access to improved water source	91.0	73.5	66.3	75.1	77.2	86.7	84.7	71.1
Maternal mortality rate (per 100,000 live births)	216.0	452.0	564.0	175.0	241.0	205.0	40.0	277.0
Immunization, measles	84.8	74.0	73.8	82.2	74.7	71.7	98.2	62.3
Gender Parity Index, primary and secondary	99.2	92.2	91.4	95.8	101.1	92.5	97.6	79.1
Gender Parity Index, secondary	98.8	88.6	84.2	94.2	106.2	92.5	97.4	69.2
Primary school completion rate, total	90.1	73.9	67.8	96.0	95.8	77.7	97.0	68.9
Employment rate, total	59.2	62.6	66.4	75.7	59.1	56.3	55.9	38.7
Employment rate, female	46.4	50.7	59.6	72.6	46.6	33.7	45.1	14.0
Employment rate, male	72.0	74.6	73.2	79.1	72.1	78.5	67.3	63.2